

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM Department Summary

Mission Statement

To achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens to prosper.

Department Goals

Lead efforts to facilitate structural economic adjustments to improve the competitiveness of Hawaii businesses and create the conditions to reward productivity and entrepreneurship.

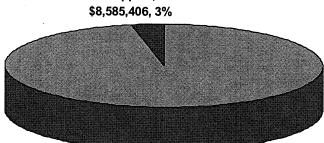
Significant Measures of Effectiveness	FY 2010	FY 2011
1. Annual percentage increase in Gross State Product	5	5
2. Number of new jobs created per annum	6,272	5,668
3. Investment generated by business development and promotional activities (\$M)	13	13

FB 2009-2011 Operating Budget by Major Program Area FY 2010 FY 2011

FY 2010

Government-Wide Support, \$8,585,406, 3%

Economic Development, \$247,547,980, 97%



Government-Wide

Support,

Economic Development, \$251,895,284, 97%

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM MAJOR FUNCTIONS

- Workforce Housing Create workforce housing units in high-quality living environments to support a skilled labor force in Hawaii.
- **Human Capital Development** Educate, develop, retain and attract a workforce with the skills required for an innovation-driven and globally-competitive economy.
- "Energy for Tomorrow" Fundamentally change how Hawaii consumes energy, by accelerating the production of renewable and alternative energy, increasing energy efficiency, developing and adopting new technologies, ensuring energy security and longterm environmental quality, and returning benefits to the consumer.

- Global Links Increase the flow of people, products, services and ideas between Hawaii and its export markets.
- Creation of an Innovation Infrastructure Create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.
- Improving Hawaii's Business Environment Lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.

MAJOR PROGRAM AREAS

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

Economic De	velopment	Governmen	t-Wide Support
BED 100	Strategic Marketing and Support	BED 103	Statewide Land Use Management
BED 105	Creative Industries	BED 130	Economic Planning and Research
BED 107	Foreign Trade Zone	BED 144	Statewide Planning and Coordination
BED 113	Tourism		2 miles 2 milling and Coordination
BED 120	Strategic Industries		
BED 142	General Support for Economic Development		
BED 143	High Technology Development Corporation		
BED 145	Hawaii Strategic Development Corporation		
BED 146	Natural Energy Laboratory of Hawaii Authority		
BED 150	Hawaii Community Development Authority		
BED 151	Aloha Tower Development Corporation		
BED 160	Hawaii Housing Finance and Development		
	Corporation		

Department of Business, Economic Development and Tourism (Operating Budget)

		Allocation		
		FY 2009	FY 2010	FY 2011
Funding Sources:	Positions	124.50	114.00	114.00
General Funds	\$	11,414,477	10,641,632	10,641,632
		22.50	22.50	22.50
Special Funds		161,921,880	154,835,956	159,271,706
		4.00	4.00	4.00
Federal Funds		22,541,223	23,797,901	23,697,901
Trust Funds		31,923,698	46,923,698	46,923,698
		5.00	5.00	5.00
Interdepartmental Tr	ansfers	3,175,737	2,387,868	2,397,868
		31.00	34.50	34.50
Revolving Funds		15,615,798	17,546,331	17,547,885
Other Funds	Management of the special state of the special stat	191,769	0	0
		187.00	180.00	180.00
Total Requirements		246,784,582	256,133,386	260,480,690

Major Adjustments in the Executive Budget Request: (general funds unless noted)

- 1. Transfers 6.00 vacant permanent and 1.00 vacant temporary positions and \$393,518 from various BED programs to the Strategic Industries Division to support the Hawaii Clean Energy Initiative.
- 2. Transfers 4.00 permanent and 1.00 temporary positions and \$599,296 from the Strategic Industries Division to the Strategic Marketing & Support Division.
- 3. Adds 1.00 permanent position and \$51,312 for an Economist position established by Act 148, SLH 2007.
- 4. Adds 1.00 temporary position and \$119,280 in interdepartmental transfer funds for a Renewable Energy Facilitator established through Act 208, SLH 2008.
- 5. Increases the Natural Energy Laboratory of Hawaii Authority special fund ceiling by \$2,346,849 due to anticipated increases in electricity, freshwater, ceded land payments, and central services fees.
- 6. Decreases the tourism special fund ceiling by \$3,000,000 in FY 10 due to lower than anticipated Transient Accommodations Tax revenues.

PROGRAM ID:

PROGRAM STRUCTURE NO.

PROGRAM TITLE:

DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

		IN DOLLA	KS	!		IN THOUS	ANI 15	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	184.00*	183.00*	180.00*	180.00*	180.0*	180.0*	180.0*	180.0
PERSONAL SERVICES	19,526,713	21,835,983	26,329,550	26,331,104	26,330	26,330	26,330	26,330
OTHER CURRENT EXPENSES	143,849,513	218,382,577	229,750,286	234,096,036	209,092	209,092	209,092	209,092
EQUIPMENT	288,551	168,221	29,550	29,550	30	30	30	30
MOTOR VEHICLE		24,000	24,000	24,000	24	24	24	24
TOTAL OPERATING COST	163,664,777	240,410,781	256,133,386	260,480,690	235,476	235,476	235,476	235,476

BY MEANS OF FINANCING								
	121.50*	121.50*	114.00*	114.00*	114.0*	114.0*	114.0*	114.0
GENERAL FUND	26,589,146	12,251,958	10,641,632	10,641,632	10,639	10,639	10,639	10,639
	27.50*	26.50*	22.50*	22.50*	22.5*	22.5*	22.5*	22.5
SPECIAL FUND	109,672,951	158,220,440	154,835,956	159,271,706	159,271	159,271	159,271	159,271
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0
OTHER FED. FUNDS	13,190,350	19,806,730	23,797,901	23,697,901	23,697	23,697	23,697	23,697
TRUST FUNDS	8,319,781	31,923,698	46,923,698	46,923,698	21,924	21,924	21,924	21,924
	*	*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0
INTERDEPT. TRANSFER	274,094	4,326,401	2,387,868	2,397,868	2,397	2,397	2,397	2,397
	31.00*	31.00*	34.50*	34.50*	34.5*	34.5*	34.5*	34.5
REVOLVING FUND	5,618,455	13,881,554	17,546,331	17,547,885	17,548	17,548	17,548	17,548
								•
CAPITAL IMPROVEMENT COSTS	4 750 000		0.054.000	1 055 000				
PLANS	1,752,000	2,090,000	2,056,000	1,955,000	1,855	1,855		
LAND ACQUISITION	1,000	200 000	1,000	200,000				
DESIGN	18,000	899,000	400,000	1,150,000				
CONSTRUCTION	5,530,000	54,724,000	85,542,000	51,645,000				
EQUIPMENT	1,874,000	377,000	1,000	50,000				
TOTAL CAPITAL EXPENDITURES	9,175,000	58,090,000	88,000,000	55,000,000	1,855	1,855		
BY MEANS OF FINANCING G.O. BONDS REVOLVING FUND	9,175,000	55,590,000 2,500,000	88,000,000	55,000,000	1,855	1,855		
TOTAL POSITIONS	184.00*	183.00*	180.00*	180.00*	180.00*	180.00*	180.00*	180.00%
TOTAL PROGRAM COST	172,839,777	298.500.781	344,133,386	315,480,690	237,331	237,331	235,476	235,476

Department of Business, Economic Development and Tourism (Capital Improvements Budget)

	FY 2010	FY 2011
Funding Sources:		
General Obligation Bonds	88,000,000	55,000,000
Total Requirements	88,000,000	55,000,000

Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

- 1. Provides \$5,000,000 lump sum appropriation in general obligation bond funds in FY 10 and FY 11.
- 2. Provides \$33,000,000 in general obligation bond funds in FY 10 for HHFDC Senior Residence at Iwilei, Oahu.
- 3. Provides \$25,000,000 in general obligation bond funds in FY 10 and FY 11 for HHFDC Rental Housing Trust Fund infusion.
- 4. Provides \$25,000,000 in general obligation bond funds in FY 10 and FY 11 for HHFDC Dwelling Unit Revolving Fund infusion.

STATE OF HAWAII

PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

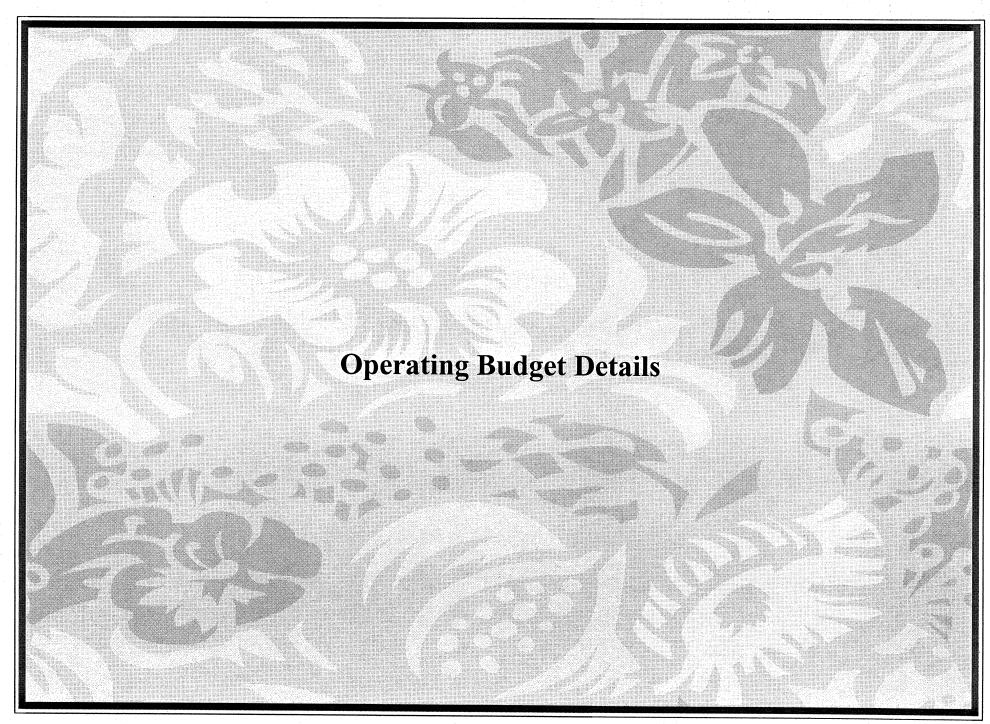
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PROGRAM STRUCTURE NO.

PROGRAM TITLE

DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

ROJECT	PRIORITY	LOC	SCOPE	PRO	JECT TITLE									
NUMBER	NUMBER							BUDGET P	ERIOD					
		COST	ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
		PLANS		53,273	41,711	1,752	2,089	2,056	1,955	 1,855	1,855			
		LAND		36,830	36,629			1	200		•			
		DESIG	N	41,832	38,994	519	769	400	1,150					
		CONST	RUCTION	798,589	602,446	7,530	51,426	85,542	51,645					
		EQUIP	MENT	26,085	23,784	1,874	376	1	50					
		TC	TAL	956,609	7,43,564	11,675	54,660	88,000	55,000	1,855	1,855			
		GENER	AL FUND	63,560	63,560									
		OTHER	FED. FUN	24,450	24,450									
		REVOL	VING FUND	4,500	2,000	2,500								
		G.O.	BONDS REP	250	250	•								
		REVEN	UE BONDS	28,405	28,405									
		G.O.	BONDS	835,444	624,899	9,175	54,660	88,000	55,000	1,855	1,855			



PROGRAM ID:

PROGRAM STRUCTURE NO. 01

PROGRAM TITLE:

ECONOMIC DEVELOPMENT

		IN DOLL/						
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	135.00*	135.00*	131.00*	131.00*	131.0*	131.0*	131.0*	131.0
PERSONAL SERVICES	16,345,467	18,321,315	22,223,032	22,224,586	22,224	22,224	22,224	22,224
OTHER CURRENT EXPENSES	140,477,887	211,878,059	225,271,398	229,617,148	204,615	204,615	204,615	204,615
EQUIPMENT	241,014	149,323	29,550	29,550	30	30	30	30
MOTOR VEHICLE	241,014	24,000	24,000	24,000	24	24	24	24
HOTOK VEHICLE								
TOTAL OPERATING COST	157,064,368	230,372,697	247,547,980	251,895,284	226,893	226,893	226,893	226,893
				•				
BY MEANS OF FINANCING								
	80.50*	81.50*	74.00*	74.00*	74.0*	74.0*	74.0*	74.0*
GENERAL FUND	23,474,696	9,128,879	7,418,558	7,418,558	7,417	7,417	7,417	7,417
	23.50*	22.50*	22.50*	22.50*	22.5*	22.5*	22.5*	22.5*
SPECIAL FUND	108,349,800	158,218,507	154,835,956	159,271,706	159,271	159,271	159,271	159,271
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS	11,027,542	15,470,059	21,329,157	21,229,157	21,229	21,229	21,229	21,229
TRUST FUNDS	8,319,781	31,923,698	46,923,698	46,923,698	21,924	21,924	21,924	21,924
THIERDERT TRANSFER	*	*	*	*	*	*	*	*
INTERDEPT. TRANSFER	274,094	2,750,000	494,280	504,280	504	504	504	504
DEVALUATION FINIS	31.00*	31.00*	34.50*	34.50*	34.5*	34.5*	34.5*	34.5*
REVOLVING FUND	5,618,455	12,881,554	16,546,331	16,547,885	16,548	16,548	16,548	16,548
CAPITAL IMPROVEMENT COSTS								
PLANS	1,752,000	2,090,000	2,056,000	1,955,000	1.855	1 055		
LAND ACQUISITION	1,752,000	2,090,000			1,655	1,855		
		000 000	1,000	200,000				
DESIGN	18,000	899,000	400,000	1,150,000				
CONSTRUCTION	5,530,000	54,724,000	85,542,000	51,645,000				
EQUIPMENT	1,874,000	377,000	1,000	50,000				
TOTAL CAPITAL EXPENDITURES	9,175,000	58,090,000	88,000,000	55,000,000	1,855	1,855		
BY MEANS OF FINANCING G.O. BONDS REVOLVING FUND	9,175,000	55,590,000 2,500,000	88,000,000	55,000,000	1,855	1,855		
TOTAL POSITIONS TOTAL PROGRAM COST	135.00* 166,239,368	135.00* 288,462,697	131.00* 335,547,980	131.00* 306.895.284	131.00* 228,748	131.00* 228.748	131.00* 226.893	131.00* 226,893

PROGRAM ID:

BED100

PROGRAM STRUCTURE NO. 010101

PROGRAM TITLE:

STRATEGIC MARKETING & SUPPORT

		IN DOLLAI	?S			IN THOU	SANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	20.00*	20.00*	21.00*	21.00*	21.0*	21.0*	21.0*	21.0*
PERSONAL SERVICES	1,178,976	1,221,556	1,372,936	1,372,936	1,373	1,373	1,373	1,373
OTHER CURRENT EXPENSES EQUIPMENT	972,707 16,027	2,678,571	2,749,914	2,749,914	2,750	2,750	2,750	2,750
TOTAL OPERATING COST	2,167,710	3,900,127	4,122,850	4,122,850	4,123	4,123	4,123	4,123
BY MEANS OF FINANCING				1				
DI HEARO OF FIRANCIRO	20.00*	20.00*	21.00*	21.00*	21.0*	21.0*	21.0*	21.0*
GENERAL FUND	2,019,319		2,050,935	2,050,935	2,051	2,051	2.051	2,051
OTHER FED. FUNDS	34,444		, ,	250,000	250	250	250	250
REVOLVING FUND	113,947	1,821,915	1,821,915	1,821,915	1,822	1,822	1,822	1,822
TOTAL POSITIONS	20.00*	20.00*	21.00*	21.00*	21.00*	21.00*	21.00*	21.00*
TOTAL PROGRAM COST	2,167,710	3,900,127	4,122,850	4,122,850	4,123	4,123	4,123	4,123

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
BED100
010101
STRATEGIC MARKETING AND SUPPORT

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS								
 INVESTMENT GEN BY BUS DEV & PROMO ACT \$M NUMBER OF TRADE & INVESTMENT LEADS GENERATED CLIENT SATISFACTN BASED ON EVAL SURVEYS # JOBS GENERATED BY COMMUNITY-BASED ORGANIZATIONS # NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM # JOBS GENERATED BY ENTERPRISE ZONE BUSINESSES # BAC CLIENTS ASSISTED BY PHONE & IN PERSON # BAC LICENSE APPLICATIONS PROCESSED 	12.5	13	13	13	13	13	13	13
	575	600	600	600	600	600	600	600
	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
	100	100	100	100	100	100	100	100
	22	30	30	30	30	30	30	30
	300	200	200	200	200	200	200	200
PROGRAM TARGET GROUPS 1. # HAWAII FIRMS ENGAGED IN INTERNAT'L BUSINESS 2. # ELIG NON-PROFIT COMM-BASED ORGS & COOPERATIVES 3. # SMALL BUS REQUESTING REGULATORY RELIEF/LEGIS 4. # ATTENDEES AT BAC OUTREACH ENGAGEMENTS	750	750	750	750	750	750	750	750
	400	400	400	400	400	400	400	400
	4	10	10	10	10	10	10	10
PROGRAM ACTIVITIES 1. # INT'L BUSINESS DEVELOPMENT ACTIVITIES 2. # NATL BUSINESS DEVELOPMENT ACTIVITIES 3. #OUT-OF-STATE FIRMS, ORGS ASSTD TO LOCATE/INV HERE 4. # LOCAL FOCUSED EDUC & PROMO, BUS DEV ACTIVS 5. # PRINT, ELECTRONIC PUBLICATIONS, MKTG COLLATERAL 6. # INVESTMENT & TRADE CONSULTATIONS 7. #FIRMS GVN INFO/ASST FOR PARTIC IN ENTERPRSE ZONES 8. NUMBER OF BAC OUTREACH ENGAGEMENTS	150	100	100	100	100	100	100	100
	5	5	5	5	5	5	5	5
	15	10	10	10	10	10	10	10
	32	30	30	30	30	30	30	30
	14	25	25	25	25	25	25	25
	295	300	300	300	300	300	300	300
	300	300	300	300	300	300	300	300
9. #CBED APPLICATIONS RECEIVED & REVIEWED 10. #NEW/AMENDED RULES REVIEWD BY BUS ADV & SBRRB	15	15	15	15	15	15	15	15
	54	55	55	55	55	55	55	55
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	153	104	92	88	72	67	62	62
	380	316	262	270	270	220	220	220
	533	420	354	358	342	287	282	282
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) GENERAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	477	372	305	305	293	243	243	243
	56	48	49	53	49	44	39	39
	533	420	354	358	342	287	282	282

A. Statement of Program Objectives

To promote industry development and economic diversification by supporting:

1) existing and emerging industries through the attraction of new investment, increase in exports of Hawaii products and services, and expansion of Hawaii's participation in global trade and commerce; 2) new and existing businesses through business advocacy, planning, and coordination of programs and projects aimed at specific business sectors or economically distressed areas, including rural areas and areas affected by natural disaster; and 3) alignment (education, workforce and economic development) and cooperation in setting forth policies, plans, activities, and linkages that leverage resources in the business and public sectors to address future and immediate needs of targeted emerging and high demand industries for industry and human capital development.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

Mandatory general fund reduction for FB 09-11 includes: 1) reduce \$25,746 for Out of State Offices operational expenses; 2) reduce \$26,000 for Services Trade Branch operational expenses; 3) reduce \$26,857 for Community-Based Economic Development (CBED) and Enterprise Zone (EZ) programs; 4) reduce \$5,000 for Investment & Business Analysis Branch (IBAB) operational expenses; and 5) reduce \$13,000 in various administrative operational expenses.

FB 09-11 adjustments include: 1) transfer of 1.0 vacant permanent FTE position and \$51,312 in general funds to BED 120/SI for the Hawaii Clean Energy Initiative (HCEI); 2) transfer of 2.0 vacant FTE positions and \$67,260 in general funds to BED 120/SI for HCEI; 3) transfer of \$202,354 in general funds to BED 142/AA due to legislative reduction per Act 158, SLH 2008; and 4) transfer in the Science & Technology Branch from BED 120/SI (4.0 permanent FTE positions, 1.0 temporary FTE position, and \$599,296 in general funds.).

C. <u>Description of Activities Performed</u>

The Strategic Marketing and Support Division (SMSD) plans, organizes, and implements programs to attract new, job-creating businesses and investments and to expand markets for Hawaii's products and professional services by: 1) opening and expanding markets for Hawaii's firms; 2) attracting investment and companies in selected industry clusters; 3) providing assistance and capacity building for industries; 4) improving the business environment; and 5) facilitating the State's sister-state and international relations.

SMSD provides direct support to local small businesses through: 1) regulatory advocacy; 2) disaster loans; 3) enterprise zone tax incentives; 4) rural development stimulation programs; and 5) community-based economic development grants and technical assistance.

SMSD promotes and enhances workforce development by: 1) promoting and encouraging development of science, technology, engineering, and math (STEM) curriculum and activities and leveraging of resources for STEM programs in schools; and 2) establishing a formal data collection system with the business sector for industry and human capital development.

D. Statement of Key Policies Pursued

SMSD's policies are based on creating new jobs, diversifying Hawaii's economic base, and developing Hawaii's workforce skills. Towards these objectives, export promotion and import substitution policies are pursued together with business and investment attraction measures. Emphasis is placed on the following strategies:

1) opening and expanding markets for Hawaii's firms' reverse missions to Hawaii (buyers, media, targeted industries), operating overseas offices in targeted markets such as Beijing and Taipei, conducting conferences and events that provide business with matchmaking opportunities, promoting and facilitating short-term training,

participating in local, mainland and international trade shows, and opening new marketing channels, international workshops and seminars; 2) facilitating communication of opportunities and networking via newsletters, websites, and working with industry associations; 3) providing assistance and capacity building to help companies reach the next level through export and enterprise workshops, manufacturing assistance, and industry education; 4) improving the business environment by developing a brand to promote Hawaii as a place for business and addressing workforce development, visa issues, transportation and distribution issues, and promotion incentives; 5) reducing the regulatory impact on businesses; 6) encouraging new types of businesses and strengthening existing businesses, especially in economically distressed areas, through incentives offered through the CBED and EZ programs; 7) liaising with local military commands to ensure the viability of quality of life programs and infrastructure support for military personnel, operations, and training; 8) promoting and encouraging the development of STEM related activities (such as robotics programs), STEM curriculum development, and the development and leveraging of resources for STEM programs in schools; 9) establishing a formal data collection system with the business sector for industry and human capital development; 10) encouraging and supporting the development of international student education business in Hawaii; and 11) developing and supporting forums, programs and activities that encourage interaction and alignment of programs and activities between agencies, the community, and business sectors for industry and human capital development.

E. <u>Identification of Important Program Relationships</u>

SMSD partners with the four Economic Development Boards, County Economic Development Offices, the Chamber of Commerce of Hawaii and ethnic chambers, and industry, trade and professional organizations. SMSD also works with the U.S. Department of Commerce, U.S. Customs, Internal Revenue Service, Small Business Administration, Department of Agriculture, Department of Defense, Economic Development Administration, and Housing and Urban Development, foreign consulates, U.S. embassies, sister-state affiliations, the Citizenship and Immigration Service (CIS), county administrations and councils, State agencies such as the

Departments of Labor and Industrial Relations, Commerce and Consumer Affairs, Health, Human Services, Transportation, Taxation, Land and Natural Resources, and Hawaiian Home Lands, the Office of Hawaiian Affairs, local financial institutions, and individual entrepreneurs and businesses. SMSD also works with non-profits such as the Pacific Asian Affairs Council, the Confucius Center, University of Hawaii system and private colleges and universities, the State Department of Education, and Japan American Institute of Management Science.

F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth of Asian and U.S. Mainland economies. The admittance of China to the World Trade Organization (WTO) and China's hosting of the World Exposition in 2010 creates opportunities for Hawaii firms to provide assistance, training, and partnerships to service China's needs. Agreements between the State of Hawaii and Chinese agencies have built relationships to position Hawaii to become the provider of choice for these services. Korea's visa waiver to the U.S. may bring more visitors and investments from Korea to Hawaii.

G. Discussion of Cost, Effectiveness and Program Size Data

External trends have increased the demand for SMSD programs to assist Hawaii businesses to expand, open new markets, and take advantage of investment and business development opportunities. This is especially true for China.

Business regulatory reform needs to be accelerated so that compliance costs can be reduced and companies can grow into new markets with increasing employment.

H. Discussion of Program Revenue

Participation fees are collected and applied towards shared expenses incurred for marketing events and projects. The direct revenue generated by these activities accrue to the participating companies through sales, orders, partnerships, contracts, and

investment capital. Investigation into federal, institutional and private grant sources to expand or initiate new programs is underway. Legislation to build a marketing fund to make marketing self-supporting is being proposed.

I. Summary of Analysis Performed

The objectives and major strategies previously summarized remain consistent with effectiveness measured through: 1) number of jobs generated; 2) revenue generated; 3) investment generated; 4) number of trade and investment leads serviced; and

5) dollar increase in exports of products and services. SMSD works toward long-term relationship building and working in concert with specific industries toward common goals as evidence of successful programming. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. Area strategic studies have produced community-approved goals, objectives and projects but do not normally include components of effectiveness.

J. Further Considerations

Hawaii is in global competition for outside investment. Without new money flowing into the State, Hawaii's economy will, at best, remain stagnant. Efforts to bring in new businesses and investment and to export Hawaii's products and professional services need to be focused and intensified. Paralleling this effort, Hawaii's business climate needs to be improved, worker skills developed to remain current and competitive, and appropriate incentives developed to attract firms that can create quality jobs and further our efforts to diversify our economic base. We also need to raise the awareness of Hawaii as a place for business.

REPORT P61-A

PROGRAM ID:

BED105

PROGRAM STRUCTURE NO. 010102

PROGRAM TITLE:

CREATIVE INDUSTRIES DIVISION

							THOUSANDS				
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15			
OPERATING COST	9.00*	10.00*	12.00*	12.00*	12.0*	12.0*	12.0*	12.0*			
PERSONAL SERVICES	622,898	638,187	760,791	760,791	761	761	761	761			
OTHER CURRENT EXPENSES	623,035	787,006	413,194	413,194	413	413	413	413			
EQUIPMENT	31,932	775									
TOTAL OPERATING COST	1,277,865	1,425,968	1,173,985	1,173,985	1,174	1,174	1,174	1,174			
					-						
BY MEANS OF FINANCING				i							
	9.00*	10.00*	12.00*	12.00*¦	12.0*	12.0*	12.0*	12.0*			
GENERAL FUND	1,277,865	1,425,968	1,173,985	1,173,985	1,174	1,174	1,174	1,174			
TOTAL POSITIONS	9.00*	10.00*	12.00*	12.00*	12.00*	12.00*	12.00*	12.00*			
TOTAL PROGRAM COST	1,277,865	1,425,968	1,173,985	1,173,985	1,174	1,174	1,174	1,174			
					=========		=========				

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED105
010102
CREATIVE INDUSTRIES DIVISION

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS	2007-00	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1. AMT OF DIRECT EXPEND. FROM FILM PROD IN HI (MIL) 2. IMPACT ON STATE ECON BY FILM PROD DIRECT EXP (MIL) 3. TAX REV GEN BY DIRECT EXPEND FRM FILM PROD (MIL) 4. FILM PROJ THAT APPL FOR & QUAL FOR ACT 88 TAX CRED 5. AMT OF DIR EXPEND FROM QUAL ACT 88 PROJECTS (MIL)	100	100	100	100	100	100	100	100
	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8
	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9
	30	15	25	25	25	25	25	25
	149.8	111.8	125	125	125	125	125	125
PROGRAM TARGET GROUPS 1. #OF CONTR TO LOCAL EDUC INST FR ACT 88 PROJ 2. LOCAL FILM FESTIVALS 3. NONPROFIT ARTS/CULT ORGS/BUS BENEF ECON ACT BY CID	16	20	20	20	20	20	20	20
	20	20	20	20	20	20	20	20
	150	150	150	150	150	150	150	150
PROGRAM ACTIVITIES 1. #FILM/TV/COMMERCIAL PROJS FILMING IN STATE YEARLY 2. # OF FILM PERMITS PROCESSED ANNUALLY 3. #LOCALLY FOCUSED EDUCATIONAL & PROMOTNL EVENTS 4. #OVERSEAS SALES/MKTG/PROMO ATTND/SPON/SPPT BY CID 5. # OF ARTS, CULTURE AND FILM INQUIRIES	140	140	140	140	140	140	140	140
	1500	1500	1500	1500	1500	1500	1500	1500
	12	12	12	12	12	12	12	12
	1	1	1	1	1	1	1	1
	3604	3604	3604	3604	3604	3604	3604	3604
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	440 10 450	453 10 463	453 10 463	451 451	451 451	451 451	451 451	451 451
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) GENERAL FUNDS TOTAL PROGRAM REVENUES	450	463	463	451	451	451	451	451
	450	463	463	451	451	451	451	451

A. Statement of Program Objectives

Promotes the growth of, and works as a business advocate for, the film, television, video, digital and new media industries and the diverse artistic and cultural sectors of Hawaii by supporting and implementing programs, projects, and activities that result in: 1) an internationally recognized and self-sustaining film, television, digital and new media arts industry; and 2) development of a worldwide reputation for the wealth and diversity of Hawaii's arts and cultural sectors, further positioning our state as a leader in the global creative economy, the innovation economy as well as supporting increased visitor attraction to Hawaii through exposure and export of these creative industry sectors.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The FB 09-11 executive budget includes: 1) transfer of \$66,260 in general funds in FY 10 and FY 11 to BED 142/AA due to legislative reduction per Act 158, SLH 2008; 2) transfer of 1.0 vacant permanent FTE position and \$51,312 in general funds to BED 120/SI for the Hawaii Clean Energy Initiative; 3) reduction of \$101,599 in other current expenses to meet the department's general fund reduction; 4) transfer of \$4,814 from other current expenses to personal services; 5) transfer in of \$1,658 from BED 150/KA for personal services.

C. Description of Activities Performed

Activities of the Creative Industries Division (CID) include: 1) development of infrastructure to encourage the growth of CID industry sectors; 2) management of film/TV tax incentives, permitting, and production facilitation; 3) operation and management of the Hawaii Film Studio; 4) film/TV industry location marketing and promotion; 5) development of educational programs, partnerships, and workshops to support creative sectors; 6) facilitation of activities for export- and visitor-related components of Hawaii's arts and culture industry; 7) identification and support of

economic development opportunities for Hawaii's creative sectors; and 8) attraction of national, regional and international arts and culture events with the potential for positive net export- and visitor-related benefits.

D. Statement of Key Policies Pursued

The policies of CID are based on the following priority functions:

 Human Capital Development - To educate, develop and retain a workforce with the skills required for an innovation-driven, globally-competitive, innovationbased economy.

This function is critical to accelerating the economic viability of Hawaii's creative sectors to ensure that higher paying, highly desirable jobs will be available for the people of Hawaii. This function also supports education transformation, as well as the development of Hawaii's human capital, entrepreneurs and inventors. Such activities are critical to building skill sets in all creative sectors including the arts, film, television, digital media, game publishing, design, music and literary industries. The development of Hawaii's human capital and creative capacity provides growth of island-based intellectual property as well as incentive for out-of-state industries and more national and international productions.

2. Global Links - To increase the flow of people, products, services and ideas between Hawaii and its export markets.

An increase in the export of creative industry goods and services will result in more job opportunities as companies will need to hire additional personnel to meet the increase in production requirements. Encouragement and development of exportable goods and services will mean greater exposure and the attraction of business investment in Hawaii and as a means to promote and brand Hawaii. As a direct example, the attraction of business investment and activities (such as film

production) will nurture local independent filmmakers and educate them on the business of film. As such, local filmmakers will be better equipped to seek national and international distribution for their films.

 Creation of an Innovation Infrastructure - To create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.

Encouraging the growth of Hawaii's creative industries will bring forth a broad spectrum of commercial businesses, individuals, cultural enterprises and nonprofit institutions that directly or indirectly produce goods and/or provide services that are rooted in, or generated by artistry, design, aesthetic value or cultural enterprise. Encouraging the application and use of new technologies, improved broadband and telecom, wireless and e-commerce to advance the networking and efficiencies of tech and non-tech businesses. Creative sectors are the nexus for development and support of Hawaii's innovation economy, particularly in the digital media, game, animation and post-production areas.

4. Improving Hawaii's Business Climate - To be a business advocate by identifying and analyzing challenges and issues that hamper the growth of the industry and to recommend appropriate remedies such as legislation, being a liaison between industry and government, and supporting the growth of local businesses that interrelate and service core creative industry sectors.

This function is critical to alleviating impediments to the growth of Hawaii's creative industries. The majority of the companies in the film industry and those that support the film industry are small scale companies. This function is important to removing obstacles that prevent these smaller companies from growing, flourishing and providing employment opportunities to Hawaii's workforce.

E. <u>Identification of Important Program Relationships</u>

CID works with the county administrations, councils, film offices, all county economic development boards, State agencies including the Departments of Labor & Industrial Relations, Commerce and Consumer Affairs, Health, Transportation, Taxation, Land and Natural Resources, Agriculture, Accounting and General Services, Hawaiian Home Lands, the University of Hawaii, and the Office of Hawaiian Affairs, federal agencies including the U.S. Small Business Administration, Department of Commerce, Department of Defense, Economic Development Administration, National Marine Fisheries Service, National Park System, and various branches of the Military. CID also works with unions, local trade and non-profit and for profit art organizations, chambers of commerce, financial institutions, and individual entrepreneurs and businesses.

F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth or decline of Asian and U.S. Mainland economies. The Department of Business, Economic Development & Tourism's (DBEDT) new forecast (released on November 18, 2008) for tourism, personal income, jobs and state gross domestic product paints a gloomier picture than the previous forecast. The latest forecast shows the effect on the islands of record oil prices, the subprime mortgage crisis, layoffs at several local and mainland employers, and the financial crisis on Wall Street. Visitor arrivals, previously forecast to fall 6.7 percent, are now expected to plunge 10.1 percent for 2008. Real personal income is forecast to fall moderately in both 2008 and 2009, at 0.2 percent and 0.4 percent, respectively. The job growth forecast has been lowered to no growth in 2008 and negative 0.2 percent in 2009. Meanwhile, DBEDT expects the State's real gross domestic product to grow slightly by 0.3 percent in 2008 and to be flat in 2009. Assuming national growth turns positive around mid-2009, Hawaii's economy should begin to see some improvement later in 2009 and modest growth in 2010.

G. Discussion of Cost, Effectiveness and Program Size Data

Resources need to continue to be expended to take advantage of business opportunities that emerge.

H. Discussion of Program Revenue

The Hawaii Film Office generates revenue through the rental of the Hawaii Film Studio and through the rental of set dressing and props.

I. Summary of Analysis Performed

CID uses input, output, and limited outcome analysis to determine program effectiveness. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. In the case of Hawaii's film and television industry, annual statewide statistics are obtained through the film permit process and the relatively new production tax credit known as Act 88. These methods of statistical tracking are valuable in showing how the industry has grown in the past decade and are a strong indication of future growth potential.

J. Further Considerations

In order to affect a sustainable transition to an economy based on the development of human capital, DBEDT will play an increasingly important role in the education and re-education of its workforce. Hawaii's film and television industry has been identified as one of the State's top emerging industries and one that, with the proper levels of government support, could triple in size in the next five to ten years and become a viable player in the diversification of Hawaii's economy. Similarly, with continued government support, Hawaii's arts, culture and new media industries could fulfill its potential as a vibrant and sustainable sector of Hawaii's economy. In addition, the focus of CID also includes working with industry and education sectors to launch and sustain programs such as MELE and the Creativity Academies – critical

components to the development of 21st century skills and opportunities for Hawaii's people.

PROGRAM ID:

BED107

PROGRAM STRUCTURE NO. 010103

PROGRAM TITLE:

FOREIGN TRADE ZONE

		TN DOLLAR	S	!		IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT		19.00* 1,108,244 902,097	19.00* 1,245,404 902,097	19.00* 1,245,404 902,097	19.0* 1,245 902	19.0* 1,245 902	19.0* 1,245 902	19.0* 1,245 902
TOTAL OPERATING COST	1,979,559	, ,	, ,	2,147,501	2,147	2,147	2,147	2,147
BY MEANS OF FINANCING	19.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
SPECIAL FUND	1,979,559	2,010,341		2,147,501	2,147	2,147		2,147
CAPITAL IMPROVEMENT COSTS PLANS DESIGN CONSTRUCTION EQUIPMENT		1,000 130,000 798,000 1,000						
TOTAL CAPITAL EXPENDITURES		930,000						
BY MEANS OF FINANCING G.O. BONDS		930,000						
TOTAL POSITIONS TOTAL PROGRAM COST	19.00* 1,979,559	19.00* 2,940,341	19.00* 2,147,501	19.00* 2,147,501	19.00* 2,147	19.00* 2,147	19.00* 2,147	19.00* 2,147

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED107
010103
FOREIGN TRADE ZONE

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES) 2. % INCR VALUE CARGO IN/OUT OF ALL SUBZONES 3. % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL 4. # OF NEW FIRMS USING FTZ PROGRAM 5. % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES 6. INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG 7. SATIS RATING BY FTZ USERS (1-5 SCALE) 8. YEARLY SPECIAL FUND BAL (TOT REV LESS TOT EXP)	16 -3.29 -5.3 25 -6 50 NO DATA -142	5 0 0 30 0 60 NO DATA 0	3 3 6 30 5 60 4 0	3 3 6 30 5 60 4	3 6 30 5 60 4 0	3 3 6 30 5 60 4 0	3 3 6 30 5 60 4 0	3 3 6 30 5 60 4 0
PROGRAM TARGET GROUPS 1. FIRMS USING FTZ PROGRAM (NO.) 2. COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE 3. COMPANIES THAT MANUF USING DUTIABLE COMPONENTS	399	400	390	400	390	390	390	390
	525	525	500	525	500	500	500	500
	70	70	70	70	70	70	70	70
PROGRAM ACTIVITIES 1. VALUE OF CARGO IN/OUT OF FTZ (EXCLUDING SUBZONES) 2. VALUE OF CARGO IN/OUT OF SUBZONES 3. VALUE OF CARGO IN/OUT OF PIER 2 FACILITY 4. VALUE OF CARGO HANDLD FOR DEPT OF HOMELAND SEC 5. ADVERTISING/MARKETING EXPEND ZONE PROMOTION	1828000	1850000	1800000	575000	575000	575000	575000	575000
	7015000	7000000	1800000	850000	850000	850000	850000	850000
	55	60	70	60	70	70	70	70
	0	0	0	0	0	0	0	0
	25	75	50	75	50	50	50	50
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	64	40	40	40	40	40	40	40
	1,512	1,717	1,780	1,837	1,870	1,875	1,885	1,885
	1,576	1,757	1,820	1,877	1,910	1,915	1,925	1,925
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	<u>1,576</u>	1,757	1,820	1,877	1,910	1,915	1,925	1,925
	1,576	1,757	1,820	1,877	1,910	1,915	1,925	1,925

A. Statement of Program Objectives

To encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii by operating a statewide foreign-trade zone program that reduces the barriers and costs associated with international trade.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

Increase the foreign-trade zone special fund ceiling by \$50,363 in FY 10 and FY 11 due to fringe benefit increases.

C. Description of Activities Performed

The Foreign-Trade Zone Division (FTZ) of the Department of Business, Economic Development & Tourism administers the federal grant for FTZ9 which includes 14 zone sites throughout the State. FTZ operates as a public utility to make various economic advantages available to importing and exporting firms.

- Operates the FTZ public warehousing and manufacturing complex as efficiently and effectively as possible.
- 2. Provides office, exhibit, warehousing and industrial space through leases and revocable permits.
- 3. Provides information to local, national and international traders and manufacturers concerning the advantages of operating in Hawaii and under the auspices of the FTZ program.
- 4. Supports the private sector in its efforts to take full advantage of the benefits offered by the FTZ program.

5. Plans for the expansion of services and facilities to meet the needs of firms which qualify for Zone utilization.

D. Statement of Key Policies Pursued

- 1. Operate the program as a self-sustaining enterprise so that operating expenditures are covered by operating revenues.
- 2. Provide for the timely expansion of physical plant and facilities support.
- 3. Operate as a public utility making the advantages of the FTZ program available to firms regardless of size or country of registration.
- 4. Actively promote Hawaii and its FTZ program.
- 5. Promote the creation and expansion of special-purpose manufacturing activities in subzones and general-purpose zones throughout the State.
- 6. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, assist the port community in expansion, aid national export expansion, increase employment, and protect the revenue.

E. <u>Identification of Important Program Relationships</u>

The FTZ Board in Washington, D.C. has the oversight authority for all foreign-trade zone operations in Hawaii. Additionally, federal oversight comes from the Port Director for the Honolulu Customs District of the Bureau of Customs and Border Protection. Locally, the State Department of Transportation and the Hawaii Community Development Authority are important partners in the future development of the FTZ program.

F. Description of Major External Trends Affecting the Program

The development and growth of the program are dependent upon the amount of international trade that is moved through Hawaii. Those factors that contribute to increasing the amount of international trade in Hawaii increase the relevancy and importance of the FTZ program.

G. Discussion of Cost, Effectiveness and Program Size Data

The operating costs for the budget period will slightly increase as the FTZ program enhances its marketing efforts and seeks to upgrade certain facilities and equipment.

H. Discussion of Program Revenue

Revenues generated by the program consist of fees and charges for Zone usage by firms and for services provided to the Subzone operators. The program operating costs are covered by these revenues which are held in a special fund.

I. Summary of Analysis Performed

None.

J. Further Considerations

Steady program activity is anticipated as Hawaii's economy stabilizes after years of robust expansion.

PROGRAM ID:

BED142

PROGRAM STRUCTURE NO. 010104

PROGRAM TITLE:

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

		TN DOLLAR	?S	!-		IN THOUS	20NA2	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	34.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0
PERSONAL SERVICES	1,843,781	1,865,252	2,120,593	2,120,593	2,120	2,120	2,120	2,120
OTHER CURRENT EXPENSES	443,789	815,466	192,706	192,706	193	193	193	193
EQUIPMENT	17,598	20,295					* •	4.
TOTAL OPERATING COST	2,305,168	2,701,013	2,313,299	2,313,299	2,313	2,313	2,313	2,313
				j				
BY MEANS OF FINANCING				1				
	34.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0
GENERAL FUND	2,305,168	2,701,013	2,313,299	2,313,299	2,313	2,313	2,313	2,313
CAPITAL IMPROVEMENT COSTS								
DESIGN	16,000							
CONSTRUCTION	1,284,000							
CONSTRUCTION	1,207,000							
TOTAL CAPITAL EXPENDITURES	1,300,000							
BY MEANS OF FINANCING				!				
G.O. BONDS	1,300,000							
				9				
TOTAL POSITIONS	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*
TOTAL PROGRAM COST	3,605,168	2,701,013	2,313,299	2,313,299	2,313	2,313	2,313	2,313

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED142
010104
GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. % CONTRACTS & LTRS OF AGMT PROC/REVWD W/IN 10 DAYS 2. % CHNG IN AMT OF FED & NONSTATE GRANT FUNDS RECD 3. % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED 4. SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME (<) 5. % DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	100	100	100	100	100	100	100	100
	33	33	0	0	0	0	0	0
	99	99	95	95	95	95	95	95
	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	99	98	98	98	98	98	98	98
PROGRAM TARGET GROUPS 1. STATE RESIDENT POPULATION (1000S) 2. STATE DE FACTO POPULATION (000S) 3. NUMBER OF DBEDT POSNS (PERMANENT & TEMPORARY)	1292	1303	1340	1354	1368	1382	1382	1382
	1395	1406	1484	1503	1520	1530	1530	1530
	258	258	258	258	258	258	258	258
PROGRAM ACTIVITIES 1. # OF TESTIMONIES PRESENTED AT LEG HEARINGS 2. # OF REQUESTS FOR ALLOTMENT (A19) PREPARED 3. # OF IFBS AND RFPS ADVERTISED 4. # OF CONTRACTS & LETTERS OF AGMT EXECUTED 5. # OF SUMMARY WARRANT VOUCHERS PROCESSED 6. AMT OF FED & NONSTATE GRANT FUNDS RECD (\$1000S) 7. # OF FORMAL GRIEVANCES FILED ANNUALLY 8. # OF HRIPERSONNEL TRANSACTIONS PROCESSED ANNUALLY	624 104 42 250 2062 16751 1 939	500 150 42 235 2000 13000 5	500 162 22 278 3000 13000 5	500 162 22 278 3000 13000 5	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5

A. Statement of Program Objectives

To enhance program effectiveness and efficiency of economic development programs by formulating policies and plans, directing operations, allocating resources, providing staff support and other administrative services, and coordinating with and informing the public about programs, services, projects, and activities.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The FB 09-11 biennium budget request includes the transfer of 1.0 vacant permanent position for the Contract Assistant, Position #15643, 1.0 vacant temporary position for Secretary III, Position #41975, and \$71,580 in general funds to BED 120/SI for the Hawaii Clean Energy Initiative program; a reduction of \$42,940 in general funds for overtime to meet the 20% general fund reduction requested by the Governor; and the transfer of \$542,560 in general funds in FY 10 and FY 11 from various divisions/agencies within DBEDT to BED 142/AA to adjust for the legislative reduction per Act 158, SLH 2008.

C. <u>Description of Activities Performed</u>

The Office of the Director provides for the overall direction and coordination of statewide economic development and energy programs. The Office formulates and executes the economic development policies of the Governor and Executive branch and executes economic development initiatives proposed and approved by the Legislature.

The Administrative Services Office (ASO) provides internal management, fiscal, budgetary, contract, personnel, computer and office automation, and other miscellaneous administrative services in support of DBEDT programs and activities.

D. Statement of Key Policies Pursued

The activities of this program focus on facilitating, coordinating, and expediting decision-making in statewide economic development and energy use and development.

E. <u>Identification of Important Program Relationships</u>

Relationships are maintained with all major programs and departments of the State; planning, economic development, and energy programs at both Federal and State levels; and with the organizations, institutions, and other segments of commerce and industry.

F. Description of Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. These include crisis situations such as strikes, natural disasters, or international conflicts which require immediate policy analyses and recommendations for action; national and international fiscal policies and economic conditions; the Federal budget deficit and its attendant effects on the Federal program levels and activities; and the expanding use of local and State fiscal resources in updating and expanding infrastructure systems. Additionally, unemployment, inflation, environmental, and demographic concerns affect planning for economic development and the implementation of priority directions of the Hawaii State Plan.

G. Discussion of Cost, Effectiveness and Program Size Data

None.

BED	142	GENERAL.	SUPPORT	FOR	ECONOMIC DEVELOPMENT
עעע	174	OLIVE	DULL OILL	I OIL	

01 01 04

H. <u>Discussion of Program Revenue</u>

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

REPORT P61-A

PROGRAM ID:

BED113

PROGRAM STRUCTURE NO. 0102

PROGRAM TITLE:

TOURISM

		IN DOLLARS					IN THOUSANDS					
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15				
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*				
PERSONAL SERVICES	2,268,408	2,239,305	2,413,271	2,413,271	2,413	2,413	2,413	2,413				
OTHER CURRENT EXPENSES	98,278,550		135,795,427	138,795,427	138,795	138,795	138,795	138,795				
EQUIPMENT	20,149	,_,			202,112	100,175	100,175	100,175				
TOTAL OPERATING COST	100,567,107	140,063,979	138,208,698	141,208,698	141,208	141,208	141,208	141,208				
BY MEANS OF FINANCING												
GENERAL FUND	25 000			į.								
GENERAL FUND	25,000			1								
	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*				
SPECIAL FUND	100,542,107	140,063,979	138,208,698	141,208,698	141,208	141,208	141,208	141,208				
TOTAL POSITIONS	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*				
TOTAL PROGRAM COST	100,567,107	140,063,979	138.208.698	141,208,698	141,208	141,208	141,208	141,208				

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED113
0102
TOURISM

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. TOTAL VISITOR EXPENDITURES (\$ BILLIONS) 2. TOTAL TRANSIENT ACCOMMODATIONS TAX COLLECTION 3. TOTAL VISITOR DAYS 4. TOTAL VISITOR ARRIVALS 5. AIR SEATS (\$MILLIONS) 6. HAWAII CONVENTION CENTER DELEGATE COUNT	12.4	12.2	12.0	12.0	12.0	12.0	12.0	12.0
	229378	232335	231777	231777	231777	231777	231777	231777
	67.7	65.3	68.1	68.1	68.1	68.1	68.1	68.1
	7.3	7.1	7.4	7.4	7.4	7.4	7.4	7.4
	9.9	8.7	10.024	10.024	10.024	10.024	10.024	10.024
	80968	96845	104000	104000	104000	104000	104000	104000
PROGRAM TARGET GROUPS 1. TOTAL LONG-HAUL TRAVEL VISITS - JAPAN (CALENDR YR) 2. TOTAL VISITOR ARRIVALS - US WEST 3. TOTAL VISITOR ARRIVALS - US EAST 4. TOTAL VISITOR ARRIVALS - JAPAN	17.3	17.3	16.2	16.2	16.2	16.2	16.2	16.2
	3270.3	3120.9	3120.9	3120.9	3120.9	3120.9	3120.9	3120.9
	1929.0	1830.1	1830.1	1830.1	1830.1	1830.1	1830.1	1830.1
	1307.1	1262.3	1262.3	1262.3	1262.3	1262.3	1262.3	1262.3
PROGRAM ACTIVITIES 1. #SPORTING EVENTS ACTUALLY FUNDED 2. #PRODUCT ENRICHMT PROJECTS ACTUALLY FUNDED 3. # OF MAJOR FESTIVALS ACTUALLY FUNDED 4. #SPEECHES/PRESENTATIONS TO TOURISM STAKEHOLDERS 5. #OF STAKEHOLDER MEETINGS HELD 6. #OF PUBLICATIONS ISSUED	14	7	7	7	7	7	7	7
	119	131	125	125	125	125	125	125
	8	8	8	8	8	8	8	8
	50	50	50	50	50	50	50	50
	30	30	30	30	30	30	30	30
	5	5	5	5	5	5	5	5
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES REVENUES FROM THE USE OF MONEY AND PROPERTY NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	112,804	116,218	119,959	123,778	127,856	132,213	136,868	136,868
	11,500	10,215	10,215	10,215	10,216	10,216	10,216	10,216
	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
	130,804	132,933	136,674	140,493	144,572	148,929	153,584	153,584
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	130,804	132,933	136,674	140,493	144,572	148,929	153,584	153,584
	130,804	132,933	136,674	140,493	144,572	148,929	153,584	153,584

A. Statement of Program Objectives

To achieve a strong and sustainable tourism industry that provides benefits to the State of Hawaii and its people.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The Fiscal Biennium 2009-11 operating budget includes the following:

- Tourism Special Fund: Decrease in ceiling by \$3,000,000 in FY 10 due to Council
 on Revenues (COR) projections which show decrease in Transient
 Accommodations Tax (TAT) revenues which results in less available funds to
 finance projects for State of Hawaii Tourism Strategic Plan initiatives. No
 changes forecasted to affect FY 11.
- Tourism Special Fund: Transfer of \$29,247 from other current expenses to
 personal services to cover a payroll shortfall due to increases in salaries and fringe
 benefits due to collective bargaining increases and funding of authorized
 positions. This request will correct the shortage.
- 3. Convention Center Enterprise Special Fund: Increase in ceiling by \$2,000,000 in FY 10 and FY 11 due to anticipated increase in events at the convention center. Increased expenditures will be funded by additional food and beverage revenues.

C. <u>Description of Activities Performed</u>

In 2004, the Hawaii Tourism Authority (HTA), with assistance and input from the industry, community and government, completed the "Hawaii Tourism Strategic Plan: 2005-2015" (State TSP). The State TSP is a 10-year plan that was developed using research from tourism studies and input solicited from tourism stakeholders, state and county entities, other interested organizations and individuals from the private and

public sectors, including the Hawaiian community. The focus of this 10-year plan is on creating a sustainable future for Hawaii's visitor industry and as such, identifies nine strategic initiatives vital to the long-term health of the industry: 1) access; 2) communications and outreach; 3) Hawaiian culture; 4) marketing; 5) natural resources; 6) research and planning; 7) safety and security; 8) tourism product development; and 9) workforce development.

Implementation of the State TSP requires the HTA to continue its support of the following activities by initiative:

- 1. Access Includes airlift development programs, advocacy of airlift and transportation issues and statewide airport and harbors greetings program.
- 2. Communications & Outreach Includes efforts to communicate and educate stakeholders about HTA programs, State tourism policy and industry activities through media relations, publicity efforts, special events like the Hawaii Tourism Conference, HTA websites, collateral (e.g., press releases, email bulletins, and reports) and outreach (e.g., community meetings and programs and presentations).
- 3. Hawaiian Culture Includes implementation of HTA's Hawaiian Culture Program which supports Hawaiian culture and community projects, provides funding for Native Hawaiian signature events such as Aloha Festivals and King Kamehameha Celebrations, supports the Keep It Hawaii program, and promotes partnerships with key groups including the Native Hawaiian Hospitality Association and Council for Native Hawaiian Advancement.
- 4. Marketing Consists of leisure, business and sports marketing programs. In leisure, the focus is on sustaining core markets (e.g., U.S., Japan and Canada) and developing new markets (e.g., China and Korea). Sports includes new activities like the 2009 Diamond Head Classic and a review of existing partnerships (e.g., Pro Bowl and PGA TOUR contracts).

Marketing of the Hawaii Convention Center for meetings, conventions and incentives will also be HTA's focus.

- 5. Natural Resources Includes implementation of HTA's Natural Resource Program.
- Research & Planning Consists of the marketing effectiveness accountability study, visitor industry research by the Department of Business, Economic Development & Tourism (DBEDT), monitoring the State TSP and other related activities.
- 7. Safety & Security Includes the statewide visitor assistance program, security surveillance camera system and other safety projects.
- 8. Tourism Product Development Includes support for various tourism projects and events under HTA's Product Enrichment Program and HTA's Major Festivals Program. Technical assistance activities including HTA's Annual Festival and Events Seminar and Other Product Development activities around the State.
- 9. Workforce Development Includes support for a travel industry career training program in Hawaii's high schools and implementation of recommendations economic challenges nationally and from the "Tourism Workforce Development Strategic Plan 2007-2015."

D. Statement of Key Policies Pursued

Tourism Resources and Implementation of the State TSP - The economic
challenges nationally and globally, have impacted visitors' travel patterns,
resulting in a slowdown of Hawaii's visitor industry in 2008-2009. The result may
be decreased TAT revenues into HTA's tourism special fund and therefore, less
resources for spending to implement the State TSP. As such, to continue forward
towards achieving the vision of the State TSP and the goals within each of the
nine initiatives, HTA will seek more resources for the agency from public and

private sources, while maximizing efficiencies within the various agency programs. Additionally, for 2010-2011, key areas of focus for HTA will be on initiatives that stimulate travel to Hawaii (e.g., access, marketing, and research and planning) and ensure a quality visitor experience (e.g., Hawaiian culture, natural resources, tourism product development).

2. Responding to Emergencies - Act 201, SLH 2007 signed into law by the Governor on June 20, 2007, established a \$5 million Tourism Emergency Trust Fund for use by HTA's Board of Directors to implement emergency measures due to natural disasters and other events identified by the Governor as an emergency. At present, HTA is reviewing possible amendments to the law to expand it to include economic downturn and/or emergencies.

E. Identification of Important Program Relationships

The vision of the State TSP is to promote a successful and sustainable visitor industry which will require the collective effort of public and private sectors, including the HTA, Legislature, Administration, Counties of Hawaii, visitor industry partners, community groups and other interested parties. In particular, as the lead tourism agency, the HTA must maintain relationships with all of the various parties in the private and public sector that have been identified in this plan as being either a lead or supporting party responsible for each of the strategic initiatives identified in the State TSP.

F. Description of Major External Trends Affecting the Program

Tourism remains the number one economic engine for Hawaii, accounting for approximately 21 percent of the State's employment and 22 percent of the State product. However, several events have impacted tourism, both negatively and positively. In 2008, events include external challenges such as escalating oil prices, overall volatility of the airline industry and the weakened U.S. economy. Locally, Hawaii was impacted by the closures of Aloha and ATA airlines, the loss of two NCL cruise ships, closure of Molokai Ranch and multiple layoffs at hotels, retail and other

establishments. Despite these challenges, there are some opportunities for Hawaii's visitor industry as a result of the implementation of the Tourism Memorandum of Understanding signed by U.S. and China in June 2008 and the inclusion of S. Korea into the visa waiver program in November 2008.

As a result, HTA will continue to monitor the events and trends occurring locally, nationally and globally, to ensure that Hawaii's programs and activities can respond to and appropriately address changing conditions and opportunities.

G. Discussion of Cost, Effectiveness and Program Size Data

The following indicators demonstrate the overall health of Hawaii's visitor industry:

Visitor Statistics	2008 Projections*	2007 Actuals
Visitor Expenditures	\$11.743 billion	\$12.811 billion
Visitor Days	63.883 million	70.075 million
Visitor Arrivals	6.837 million	7.628 million

^{*}Projections are based on DBEDT statistics using actual information from January – September 2007 and projections for the months of October, November and December 2008.

Besides the above indicators for Hawaii's visitor industry, the HTA has also been reviewing the results from its various program areas in an effort to evaluate and improve their effectiveness.

H. Discussion of Program Revenue

- 1. Tourism Special Fund (TSF)
 - Act 156, SLH 1998 established the TSF into which 37.9% of revenues from the Transient Accommodations Tax (TAT) may be deposited.

- Act 250, SLH 2002 authorized the following changes with respect to TAT revenues:
 - Percentage of TAT revenues deposited into the TSF reduced from 37.9% to 32.6%.
 - Difference of 5.3% was deposited into the newly established Transient Accommodation Tax Trust Fund to supplement shortfalls in the TSF when the TSF did not receive \$63,329,000 in TAT revenues.
- Act 235, SLH 2005 authorized the following changes with respect to TAT revenues:
 - Percentage of TAT revenues deposited into the TSF was increased from 32.6% to 34.2% effective July 1, 2007.
 - The difference was deposited into the General Fund and the TAT Trust Fund was abolished.
- Act 201, SLH 2007 established the Tourism Emergency Trust Fund (TETF), which is administered by the HTA Board trustees to develop and implement emergency measures in response to a catastrophic event that adversely affects Hawaii's tourism industry. This measure provided that revenues remaining in the TSF after expenditures authorized by the Legislature shall be deposited into the TETF sufficient to maintain a fund balance of \$5 million.
- 2. Convention Center Enterprise Special Fund (CCESF)
 - Act 253, SLH 2002 established the CCESF. Moneys in the fund shall be used
 to pay all debt service and operating costs related to the Convention Center
 provided, that beginning January 1, 2002, if the amount of TAT revenues
 collected for deposit into the CCESF exceeds \$31 million in any calendar
 year, the excess revenues collected shall be deposited into the general fund.

 Act 209, SLH 2006 authorized the following change. Beginning January 1, 2006, if the amount of TAT revenues collected for deposit into the CCESF exceeds \$33 million in any calendar year, the excess revenues collected shall be deposited into the general fund.

I. Summary of Analysis Performed

The following information demonstrates how tourism contributes to Hawaii's economy. In 2007, Hawaii's travel and tourism industry:

- 1. Produced \$12.5 billion or 21.8 percent of Gross State Product.
- 2. Accounted for approximately 187,000 jobs or 21.4 percent of total employment for the State.
- 3. Contributed \$1.29 billion tax dollars to the State and County government or 20.8 percent of total State and County tax revenues.

J. Further Considerations

None.

PROGRAM ID:

BED120

PROGRAM STRUCTURE NO. 010501

PROGRAM TITLE:

STRATEGIC INDUSTRIES

		IN DOLLAR	₹\$	¦		IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	11.00*	11.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0
PERSONAL SERVICES	1,979,887	1,805,781	2,633,640	2,633,640	2,633	2,633	2,633	2,633
OTHER CURRENT EXPENSES EQUIPMENT	1,799,160 57,503	2,841,426 30,236	3,059,836	3,059,836	3,060	3,060	3,060	3,060
TOTAL OPERATING COST	3,836,550	4,677,443	5,693,476	5,693,476	5,693	5,693	5,693	5,693
				i				
BY MEANS OF FINANCING								
	11.00*	11.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0
GENERAL FUND	1,189,092	1,389,201	1,075,197	1,075,197	1,075	1,075	1,075	1,075
	*	*	*	*	*	*	*	, x
OTHER FED. FUNDS	2,373,364	2,038,242	4,498,999	4,498,999	4,499	4,499	4,499	4,499
	*	*	*	*	*	*	*	*
INTERDEPT. TRANSFER	274,094	1,250,000	119,280	119,280	119	119	119	119
FOTAL POSITIONS	11.00*	11.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00
TOTAL PROGRAM COST	3,836,550	4,677,443	5,693,476	5,693,476	5,693	5,693	5,693	5,693

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED120
PROGRAM STRUCTURE: 010501
PROGRAM TITLE: STRATEGIC INDUSTRIES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
MEASURES OF EFFECTIVENESS	200. 00							
 # QUALIFIED TRADE LEADS GENERATED #BUS/ORGS PARTIC IN OUTRCH, MKT & INDUS DEV ACTIV DECLINE IN ENERGY USE PER CAP/PER ECON OUTPUT UNIT RATIO OF EXTERNAL:ST MATCH SPPT OF COOP PRJ (X:1) 	3784 1515 4641 .12	3506 1117 6980 1.24	10 1048 4641 .67	10 1148 4664 .50	10 1243 4687 .50	9 1343 4710 .50	10 1443 4734 .50	10 1443 4758 .50
PROGRAM TARGET GROUPS								
 # BUS/ORG INTERSTD IN ENERGY/ENV/OCEAN/RECY PROD ENERGY CONSUMERS STATEWIDE ENERGY PRODUCERS STATEWIDE 	1242 1406133 55	1400 1408000 58	1265 1420194 58	1465 1434396 58	1575 1448740 58	1675 1463227 58	1885 1477859 58	1885 1492638 58
PROGRAM ACTIVITIES								
# BUSINESS DEV & PROMO ACTIVITIES DEV & SUPPORTED # IND/MARKET DEV ASSESSMENTS CONDUCTED	38 22 26	44 1	40 10	42 10	41 10	42 10	43 10	44 10 42 27
# INDUSTRY OUTREACH PROJECTS DEV & IMPLEMENTED # ENERGY EFFIC & RENWBLE ENRG PROJ DEV & IMPLMTD	26 28	90 39	10 58 27	55 26	10 41 27	42 26	42 27	42 27
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL	89 571	51 495	27					
TOTAL PROGRAM REVENUES	660	546	27					
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	660	546	27					
TOTAL PROGRAM REVENUES	660	546	27					

To achieve the growth, diversification, and long-term stability of the State's economy by facilitating the sustained development of Hawaii's locally based renewable energy system and industries, largely via the Hawaii Clean Energy Initiative (HCEI) and programs related to HCEI.

B. <u>Description of Request and Compliance with Section 37-68 (1)(A)(B)</u>

The Fiscal Biennium 2009-11 operating budget includes the following:

- Transfer of \$65,256 in general funds to BED 142/AA due to legislative reduction per Act 158, SLH 2008.
- 2. Transfer of 7.0 vacant positions from various Department of Business, Economic Development & Tourism (DBEDT) programs, to be redescribed under BED 120/SI, Strategic Industries Division (SID). All seven positions support the State's energy program and the HCEI. These positions are necessary to execute the program and to reach the objectives of the Initiative, including: 1) achieve a 70% clean energy economy for Hawaii within a generation; 2) increase Hawaii's energy security; 3) capture economic benefits of clean energy for all levels of society; 4) foster and demonstrate innovation; 5) build the workforce of the future; and 6) serve as a model for the U.S. and the world.
- 3. Establish 1.0 temporary Renewable Energy Facilitator position within BED 120/SI per Act 208, SLH 2008 to support HCEI.
- 4. Transfer the Science & Technology Branch, 5.0 positions and \$599,296 in general funds, from BED 120/SI to BED 100/SM.
- 5. Delete three unfunded positions from BED 120/SI for housekeeping measures.

C. <u>Description of Activities Performed</u>

SID implements the State Energy Resources Coordinator's (ERC) responsibilities to conduct energy planning and policy development activities in energy efficiency, renewable energy and clean fossil energy resources, maintains and exercises energy emergency preparedness and critical energy infrastructure protection plans and procedures, and participates in relevant legislative and policy proceedings.

SID implements and coordinates the private and public sectors' implementation of Energy for Tomorrow (EFT) / Hawaii Clean Energy Initiative (HCEI), by initiating and engaging in partnerships in successful program activities and projects under the six major components of the EFT strategic action plan:

- 1. Savings Through Efficiency
- 4. Security Through Technology
- 2. Independence Through Renewable Energy
- 5. Empowering Hawaii's Consumers

3. Fuels Through Farming

6. Preserving Hawaii's Energy Security

These initiatives are designed to fundamentally change how Hawaii consumes energy, accelerate the production of renewable and alternative energy, increase energy efficiency, develop and adopt new technologies, and ensure the State's energy security which comprise the net goals of landmark energy statutes enacted in 2006.

SID is funded by the U.S. Department of Energy (USDOE) to support the federally established State Energy Program.

SID coordinates Lead by Example (LBE), a program focused on setting and achieving specified targets for energy efficiency, renewable energy and sustainable building practices for all State and attached agencies, Act 96, SLH 2006, and Administrative Directive 06-01, Energy and Resource Efficiency and Renewable Energy and Resource Development.

D. Statement of Key Policies Pursued

The legal basis of Hawaii's energy program is cited in Chapter 226, HRS §18, Hawaii State Planning Act, the State's energy objectives to reduce dependence on imported oil.

Chapter 196, and Chapter 226-18, HRS, require state energy planning and project activities in energy efficiency, renewable energy and clean fossil energy resources to support achievement of these energy policies. SID also supports Chapter 26-18(a), HRS, which provides that DBEDT shall encourage the development and promotion of industry and international commerce through programs established by law.

Chapters 125C and 128, HRS, assign energy emergency and critical energy infrastructure protection planning and response functions to DBEDT, which SID conducts together with the industry and the State Civil Defense.

E. <u>Identification of Important Program Relationships</u>

SID relationships include: State Departments of Accounting and General Services, Agriculture, Health, Land and Natural Resources, and Transportation, State Civil Defense, Consumer Advocate, Office of Environmental Quality Control, Public Utilities Commission, University of Hawaii, Natural Energy Laboratory of Hawaii Authority, High Technology Development Corporation, Hawaii Strategic Development Corporation, Pacific International Center for High Technology Research, County agencies, U.S. Departments of Energy, Interior, and Commerce, National Laboratories, Environmental Protection Agency, public/energy consumers, and energy, building, and science & technology service groups and companies.

F. Description of Major External Trends Affecting the Program

Increasing economic risk from extreme overdependence on higher-priced imported crude oil has prompted support of SID's refocus on its core energy functions; i.e., energy efficiency, renewable energy and alternate fuels, comprehensive energy planning and energy emergency preparedness.

Federal government energy programs increasingly rely on state governments to deploy advanced energy technologies. Export and domestic markets for these technologies continue to grow. Alternative energy is a recognized growth sector for Hawaii.

G. Discussion of Cost, Effectiveness and Program Size Data

SID tracks several measures of effectiveness to monitor its performance:

- The State, with the support and in partnership with the USDOE, has set a goal of achieving 70% of its energy from clean sources (renewable and efficiency) within a generation. SID is working with the USDOE to set intermediate targets and measures of effectiveness to support reaching this goal.
- Besides State support, SID pursues federal funds to support State energy initiatives. Over the past 13 years, SID has developed about \$6.3 million of federal funds, an average of approximately \$485,000 per year. Grants are developed by public/private partnerships with contracts awarded to the public and private sector help to grow this sector.
- Hawaii's energy intensity, (ratio of energy input/Gross State Product (GSP*) output), has continued to decrease (improve) over the past 35 years, from approximately 11,492 Btu/\$1.00 of GSP in 1970 to 6,622 Btu/\$1.00 of GSP in FY 07.
- Energy efficiency projects from performance contracting in public facilities are estimated to generate about \$64 million of investment in these projects, \$9 million in annual energy savings for statewide facilities, and 851 jobs.
- SID continues to update the state Model Energy Code (MEC), which is to reduce energy costs by approximately \$336 million, reduce oil imports by 5 million barrels, and generate \$97 million worth of investments in energy efficiency.

*GSP in constant 2000 dollars.

 Act 78, SLH 2006 amended Chapter 486J, HRS, reassigning lead agency role to the PUC, but retained DBEDT-SID's use and full access to the expanded volumes of petroleum industry data reported to the state. SID requires this and other energy data to support the Governor and ERC in fulfilling their respective statutory energy emergency preparedness and all energy program responsibilities.

H. Discussion of Program Revenue

SID actively seeks grants from competitive federal grant funds, but state funding must be maintained for the cost match normally required for these grants. With extreme reductions of non-defense federal funding availability, USDOE and other federal grants are declining, and those remaining are increasingly competitive. SID is expending its Petroleum Violation Escrow (PVE) funding at an accelerated rate to support a reduction in general fund expenditures; these funds will be completely expended by the end of this biennial budget period and the State's energy program will require a new sustained source of funding.

I. Summary of Analysis Performed

SID conducts energy and other performance analyses.

J. Further Considerations

None.

PROGRAM ID:

BED143

PROGRAM STRUCTURE NO. 010502

PROGRAM TITLE:

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

	IN DOLLAI	RS		- IN THOUSANDS				
FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	
3.00* 1,628,577 2,736,859 21,687	3.00* 1,642,605 3,608,646 60,384	3.00* 1,854,291 7,884,393	3.00* 1,854,291 7,784,393	3.0* 1,855 7,784	3.0* 1,855 7,784	3.0* 1,855 7,784	3.0* 1,855 7,784	
4,387,123	5,311,635	9,738,684	9,638,684	9,639	9,639	9,639	9,639	
			1					
921,304	940,484	762,202	762,202	762	1.5* 762	1.5* 762	1.5* 762	
990,653	1,072,628	3,827,732	3,827,732	3,828	3,828	3,828	1. <i>5</i> * 3,828	
2,475,166	3,298,523	3,648,750 1,500,000	3,548,750 1,500,000	3,549 1,500	3,549 1,500	3,549 1,500	3,549 1,500	
3.00* 4 387 123	3.00* 5.311.635	3.00* 9.738.684	3.00*	3.00* 9.639	3.00* 9,639	3.00* 9.639	3.00* 9,639	
	1.50* 921,304 1.50* 921,687 21,687 4,387,123 	FY2007-08 FY2008-09 3.00* 3.00* 1,628,577 1,642,605 2,736,859 3,608,646 21,687 60,384 4,387,123 5,311,635	3.00* 3.00* 3.00* 3.00* 3.00* 1,628,577 1,642,605 1,854,291 2,736,859 3,608,646 7,884,393 21,687 60,384 4,387,123 5,311,635 9,738,684 4,387,123 5,311,635 9,738,684 5,50* 1.50* 1.50* 1.50* 1.50* 1.50* 1.50* 1.50* 990,653 1,072,628 3,827,732 * 2,475,166 3,298,523 3,648,750 1,500,000 3.00* 3.00* 3.00*	FY2007-08 FY2008-09 FY2009-10 FY2010-11 3.00* 3.00* 3.00* 3.00* 1,628,577 1,642,605 1,854,291 1,854,291 2,736,859 3,608,646 7,884,393 7,784,393 21,687 60,384 9,638,684 4,387,123 5,311,635 9,738,684 9,638,684 921,304 940,484 762,202 762,202 1.50* 1.50* 1.50* 1.50* 990,653 1,072,628 3,827,732 3,827,732 * * * * 2,475,166 3,298,523 3,648,750 3,548,750 1,500,000 1,500,000 1,500,000	FY2007-08 FY2008-09 FY2009-10 FY2010-11 FY2011-12 3.00* 3.00* 3.00* 3.00* 3.00* 1,628,577 1,642,605 1,854,291 1,854,291 1,855 2,736,859 3,608,646 7,884,393 7,784,393 7,784 21,687 60,384 9,638,684 9,639 4,387,123 5,311,635 9,738,684 9,638,684 9,639 1.50* 1.50* 1.50* 1.50* 1.5* 921,304 940,484 762,202 762,202 762 1.50* 1.50* 1.50* 1.5* 990,653 1,072,628 3,827,732 3,827,732 3,828 * * * * * 2,475,166 3,298,523 3,648,750 3,548,750 3,549 1,500,000 1,500,000 1,500 1,500	FY2007-08 FY2008-09 FY2009-10 FY2010-11 FY2011-12 FY2012-13 3.00* 3.00* 3.00* 3.00* 3.00* 3.00* 3.00* 1,628,577 1,642,605 1,854,291 1,855 1,855 1,855 2,736,859 3,608,646 7,884,393 7,784,393 7,784 7,784 21,687 60,384 9,638,684 9,639 9,639 4,387,123 5,311,635 9,738,684 9,638,684 9,639 9,639 1.50* 1.50* 1.50* 1.5* 1.5* 921,304 940,484 762,202 762,202 762 762 1.50* 1.50* 1.50* 1.5* 1.5* 990,653 1,072,628 3,827,732 3,827,732 3,828 3,828 * * * * * * * 2,475,166 3,298,523 3,648,750 3,548,750 3,549 3,549 1,500 1,500 1,500 1,500	FY2007-08 FY2008-09 FY2009-10 FY2010-11 FY2011-12 FY2012-13 FY2013-14 3.00* <t< td=""></t<>	

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
PROGRAM TITLE:
HIGH TECHNOLOGY DEVELOPMENT CORPORATION

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
MEASURES OF EFFECTIVENESS 1. # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS 2. MKTG:# OF INDIVIDUALS OR COMPANIES ASSISTED	190 59200	220 60400	175 32100	175 32100	175 32100	175 32300	175 32500	175 33000
PROGRAM TARGET GROUPS 1. # OF POTENTIAL TECH-BASED COMPANIES 2. # OF COMPANIES APPLYING FOR INCUBATION SERVICES	1160 35	1290 40	1200 15	1200 15	1250 20	1300 20	1350 20	1400 20
PROGRAM ACTIVITIES 1. # OF CONTACTS AND RESPONSES	248900	255000	127200	127500	127800	128000	128500	129000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL	309 2,764	254 3,160	249 2,937	234 2,937	141 1.310	361 1,412	481 1,412	576
CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	901 3,974	1,186 4,600	1,249 4,435	1,311 4,482	1,451	1,773	1,893	1,412 1,988
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS	3,974	4,600	4,435	4,482	1,451	1,773	1,893	1,988
TOTAL PROGRAM REVENUES	3,974	4,600	4,435	4,482	1,451	1,77,3	1,893	1,988

To develop and promote Hawaii's science and technology assets and resources; implement programs to support attraction, expansion, and retention of technology companies; support firms engaged in technology research and investment, and projects that support national and State interests; utilize facilities and infrastructure in Hawaii to foster commercial technology development; and promote and provide support for businesses involved in information and telecommunication technology, biotechnology, medical healthcare technology and earth, ocean, and space science technologies.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The FB 09-11 biennium budget includes a transfer of \$54,746 in general funds to BED 142/AA to adjust for the legislative reduction per Act 158, SLH 2008; a reduction of \$265,392 in general funds to comply with the Administration's mandate; a transfer of \$19,406 in general funds from vacancy savings from the MIC Incubation Manager position #102716 to BED 120/SI for the Hawaii Clean Energy Initiative; and a federal fund ceiling increase of \$100,000 in FY 10 for an EDA federal grant opportunity that may arise.

C. <u>Description of Activities Performed</u>

1. Enhance high tech development through: a) incubation programs and activities at the Manoa Innovation Center (MIC) and Maui Research & Technology Center (MRTC). The centers provide tenants with networking opportunities, business development services, links emerging commercial high tech ventures to university research and development organizations, high tech communications capabilities, and other business support amenities and services; b) a partnership with UH-Hilo to provide support of a business incubator at the Hawaii Innovation Center at Hilo (HICH); and c) a virtual incubation program for companies that do not physically reside at the centers.

- The High Technology Development Corporation (HTDC) will be exploring opportunities and feasibility to establish representative offices in Asian countries.
- 2) Facilitates federal and/or dual-use opportunities with the following: a) Small Business Innovation Research (SBIR) program, the purpose of which is to expand new science, tech and agricultural-based economic development and commercialization, increase revenues to the State, and provide sustainable, high quality job opportunities; b) Hawaii Center for Alternative Transportation Technologies (HCATT) that has multiple contracts with the U.S. Air Force for projects at Hickam; and c) Manufacturing Extension Partnership (MEP) program funded by the National Institute of Standards and Technology to assist small companies become more globally competitive by improving their business operation and expanding business through new product development.
- 3) Focused marketing and promotion programs to encourage tech sector development by: a) conducting or sponsoring conferences and workshops; b) promoting HTDC programs and seminars as part of its awareness campaign; c) administering the State's tech websites: www.hitechhawaii.com, a one-stop web portal that promotes Hawaii's high tech capabilities including tech events in Hawaii, local tech job opportunities at www.htdc.org, including a directory of local tech companies, links to other technology resources statewide, and sites to assist with establishing business in Hawaii; d) promoting public relations, publications, editorials, spots on tech-related television programs, and participation in trade mission(s); and e) providing the State with a periodic assessment of the local technology industry, trends, policies, and support needs.
- 4) Key contributor in working with the Department of Business, Economic Development & Tourism to craft coordinated policies and/or programs for the high tech sector. HTDC provides on-going information to inform legislators about high tech issues to facilitate sound policy making.

D. Statement of Key Policies Pursued

HTDC's tech-based economic development programs and activities will focus to: 1) revamp incubation centers to create an Entrepreneurial Campus; 2) maintain, increase and better align federal and State partnerships; 3) reinstate commitment to serve statewide by increasing neighbor island partnerships; and 4) provide input on tech-based economic development policies.

E. <u>Identification of Important Program Relationships</u>

Important program relationships include: the Legislature; Chambers of Commerce; Economic Development Boards; federal agencies such as Department of Commerce, National Institute of Standards and Technology, Department of Defense, and Small Business Administration; Hawaii Science and Technology Council; Maui High Performance Computing Center; Pacific International Center for High Technology Research; Hickam Air Force Base; Pacific Missile Range Facility: Hawaiian Electric Company; Small Business Development Center; various technical and professional technology organizations; individuals providing technical advisory services to incubation program companies; professional technology based economic development associations and institutes; and State organizations such as the Departments of Accounting and General Services, Education, Human Resources Development, Taxation, the University of Hawaii's Office of Technology Transfer & Economic Development (OTTED), Research Corporation of the University of Hawaii, and East-West Center, Hawaii Strategic Development Corporation, Natural Energy Laboratory of Hawaii, and Hawaii Community Development Authority.

F. <u>Description of Major External Trends Affecting the Program</u>

1) The downturn of the national and local economies and resulting forecast of lower revenues to the State has caused a significant reduction in HTDC's general funds. HTDC will need to eliminate projects and focus on core services, programs and projects. The shifting of some expenditures to the HTDC Special Fund and the economic slowdown will impact occupancy at its technology centers, thus limiting the longer term sustainability of the special fund.

- 2) Hawaii continues to face the challenge of developing a sufficient capital base to finance the early stages of small start-up tech companies. While both the State and private sector continues efforts to provide a network of capital to these companies, it remains difficult to compete for the limited dollars available.
- 3) Decrease in federal funding, partially due to redirected resources to fund other priorities of the nation, has resulted in the reduction or elimination of funding for programs and projects that HTDC had received in the past.
- 4) Many of our tech companies are inexperienced start-ups or university researchers that lack the necessary business knowledge to successfully commercialize their innovations. Focused business training is needed to assist these firms accelerate their product to market.
- 5) Hawaii lacks a local pool of qualified tech trained workforce.

G. Discussion of Cost, Effectiveness and Program Size Data

1. FY 08 Costs - includes general, special, federal and revolving funds:

Budgeted:

\$ 9.845 million

Actual: \$ 4.433 million

The variance is primarily due to lower than budgeted expenditures in the special and federal funds plus inactivity of the \$1.5 million revolving loan fund which lacks seed monies to start the program. Other major special fund variances include: 1) unused appropriation of \$1.5 million for new tech projects and/or to develop new tech centers if opportunities arise; 2) disbursement of tech centers facility expenses through an approved asset management contract and client account; and 3) unused budget contingency to use special funds to pay for expenses to meet federal grant matching requirements. The federal fund variance include: 1) approximately \$145,000 budget in excess of actual expenditures for MEP; and 2) unobligated balance of \$75,000 for HCATT due to a delay in funds

being transferred from the federal agency resulting in the corresponding holdup on encumbering contracts.

2. Effectiveness: FY08 FY 08 FY 09 # companies assisted at incubation centers Mktg: # of individuals or co. assisted 59200 34723 32290

Primary reasons for variances are:

- a. FY 08 actual and FY 09 projected assistance to companies are lower than target due to the leasing of a large quadrant at the Maui Research & Technology Center to the Kihei Charter School's science, technology, engineering and math (STEM) program instead of renovating to lease smaller office spaces, allow for expansion of existing tenants to suites to meet their growing needs, and lease space to new prospective tenants.
- b. The vendor that physically hosts HTDC's websites changed in FY 07. The current methodology of tracking website activity differs from the way the previous vendor tracked information.

H. Discussion of Program Revenue

Program revenues are primarily generated from rents and user fees charged to tech center occupants. Other revenues include fees collected from conferences, parking, interest, and funding for new projects obtained through contracts or private sector grants. Revenues are used to cover a portion of the program's operating budget and a portion reserved to fund a large portion of building repair and replacement needs. The federally funded MEP program generates revenues from services provided by staff and funds are expended back into the program as required by the grant.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED145

PROGRAM STRUCTURE NO. 010503

PROGRAM TITLE:

HAWAII STRATEGIC DEVELOPMENT CORPORATION

		IN DOLLA	RS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	*	*	*	*	*	*	*	*
PERSONAL SERVICES	176,529	200,878	200,878	200,878	201	201	201	201
OTHER CURRENT EXPENSES	147,163	12,771,850	6,681,225	6,681,225	6,681	6,681	6,681	6,681
TOTAL OPERATING COST	323,692	12,972,728	6,882,103	6,882,103	6,882	6,882	6,882	6,882
				• • • • • • • • • • • • • • • • • • •		•		
BY MEANS OF FINANCING				1				
SPECIAL FUND	19,878	8,700,000	2,609,375	2,609,375	2,609	2,609	2,609	2,609
	*	*	*	*	*	*	*	*
REVOLVING FUND	303,814	4,272,728	4,272,728	4,272,728	4,273	4,273	4,273	4,273
TOTAL POSITIONS	*	10 070 700	*	* i		* c 002		بة د 100
TOTAL PROGRAM COST	323,692	12,972,728 	6,882,103	6,882,103	6,882 ======	6,882 ======	6,882 ======	6,882

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED145
010503
HAWAII STRATEGIC DEVELOPMENT CORPORATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. INCR IN LEVERAGING PUBLIC INV W/PRIVATE CAPITAL 2. INCR IN NUMBER OF VENTURE CAP PARTNERSHIPS ESTAB 3. INCREASE IN NUMBER OF COMPANIES FUNDED 4. AMT NEW INV CAPITAL RAISD THRU STATE PRIV INV FUND	1400000	5000000	5000000	6000000	8000000	9000000	9000000	9000000
	0	1	1	1	2	1	1	1
	5	5	5	5	6	6	5	5
	130	0	0	5000000	0	5000000	5000000	5000000
PROGRAM TARGET GROUPS 1. ENTREPRENEURIAL START-UP COMPANIES 2. POTENTIAL INVEST ORG,INCL HIGH NET WORTH INDIVIDS 3. SUPPORT ORGS INCLUDING LEGAL & ACCT FIRMS	24	24	45	50	55	60	45	45
	17	15	20	20	23	25	20	20
	6	3	2	3	3	3	2	2
PROGRAM ACTIVITIES 1. REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP 2. ORGANIZE AND SPONSOR VENTURE CAPITAL CONF 3. ENTREPRENEURIAL TRAINING PROGRAMS	0	0	2000000	2500000	3000000	3500000	2000000	2000000
	3	3	4	4	4	4	4	4
	5	5	6	6	7	7	6	6
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: ALL OTHER NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	8 100 5,400 5.508	5 100 200 305	2 275 277	6 280 286	280 281	1 285 286	1 285 286	1 285 286
PROGRAM REVENUES PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	5,508 400 5,108 5,508	200 105 305	277 277	286 286 286	281 281	286 286	286 286	286 286

To create funding mechanisms for investment in emerging technology companies by developing networks to organize public and private sources of capital and grow infrastructure development support for venture capital.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

No program adjustments.

C. <u>Description of Activities Performed</u>

The Hawaii Strategic Development Corporation (HSDC) will identify and hire contractors to stage entrepreneurial workshops focusing on business plan preparation, technology commercialization, and taking products to market. A venture capital conference will also be held.

HSDC has contracted with Pacific International Center for High Technology Research (PICHTR) to implement and expend monies appropriated by the legislature under Act 267, SLH 2007. The Board of Directors and staff of HSDC will oversee the PICHTR contract to ensure proper management and progress against milestones.

D. Statement of Key Policies Pursued

HSDC will continue to serve as a catalyst to fill gaps in Hawaii's venture capital sector and support the Department of Business, Economic Development & Tourism's (DBEDT) goals of innovation infrastructure development. HSDC will support entrepreneurial development by providing programs and networking to assist companies to gain skills and support needed to grow their businesses.

In support of DBEDT's core initiative of developing renewable energy sources, HSDC will work with the DBEDT, Strategic Industries Division (SID) to roll out the Hydrogen Investment Capital Special Fund.

E. <u>Identification of Important Program Relationships</u>

HSDC recognizes that its role is to serve as a node in a larger network of investment and entrepreneurial support organizations. It works with technology developers and investors from the private sector, but also works with non-profit organizations such as Enterprise Honolulu, Hawaii Venture Capital Association, the Hawaii Science and Technology Council, and State entities such as the High Technology Development Corporation, Natural Energy Laboratory of Hawaii Authority, and University of Hawaii (UH).

In the area of hydrogen development and distribution, HSDC will closely collaborate with SID, the University of Hawaii Natural Energy Institute, Hawaii Center for Advanced Transportation Technologies, and the NELHA Gateway project.

F. Description of Major External Trends Affecting the Program

Major external trends affecting the program are the markets in which investment portfolio companies operate. As an example, the increase in oil prices raises the value of renewable energy companies in which HSDC has investment. Further, the financial markets will determine if a given biotech firm or software developer will be successful in raising capital. Lastly the public stock market determines whether the successful undertaking of an initial public offering (IPO) is probable or not. These factors all influence the ability to attract private capital to support Hawaii's economic diversification.

With respect to the Hydrogen Program, volatile and increasing world oil prices underscore the importance of developing indigenous renewable energy sources.

G. Discussion of Cost, Effectiveness and Program Size Data

HSDC operates on a lean budget with a staff of two to oversee the \$16 million investment portfolio. By utilizing the services of fund managers to undertake due diligence, manage investments, and perform financial reporting functions, HSDC achieves maximum effectiveness and avoids incurring additional staff costs.

H. Discussion of Program Revenue

Program revenues are based on investment returns. Liquidity events impacting portfolio companies typically take place in the form of IPOs of the company's stock or the company being acquired by another firm. These events are extremely difficult to predict with any accuracy, and therefore revenue projections are highly speculative. Further, once the IPO has taken place, it is not possible to sell the shares until after a six- or twelve-month waiting period has passed, further compounding the difficulty in estimating revenues.

I. Summary of Analysis Performed

Following review of current resource levels, the HSDC Board has adopted a short term policy of focusing on programmatic activities as opposed to undertaking new investments. Limited funds will be used to support entrepreneurial training workshops and events such as venture capital conferences.

Studies published by the National Association of Seed and Venture Funds indicate that the most effective state venture capital investment programs utilize private sector fund managers to direct the investment of public funds. When resource levels warrant such renewed activities, the HSDC Board will consider resuming such a policy.

J. Further Considerations

Support of new entrepreneurial investment activity by HSDC will require additional investment capital. HSDC will work with the private sector to encourage legislative approval of new capital formation resources.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED146

PROGRAM STRUCTURE NO. 010504

PROGRAM TITLE:

NATURAL ENERGY LAB OF HAWAII AUTHORITY

		IN DOLLA	RS	!		IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	*	*	*	*	*	*	*	
PERSONAL SERVICES	1,933,452	2,104,907	2,320,411	2,320,411	2,320	2,320	2,320	2,320
OTHER CURRENT EXPENSES	7,511,547	10,484,178	13,971,157	15,406,907	15,407	15,407	15,407	15,407
EQUIPMENT	40,279	29,550	29,550	29,550	30	30	30	30
MOTOR VEHICLE		24,000	24,000	24,000	24	24	24	24
TOTAL OPERATING COST	9,485,278	12,642,635	16,345,118	17,780,868	17,781	17,781	17,781	17,781
				i				
BY MEANS OF FINANCING				1				
GENERAL FUND	365,000	365,000						
	*	*	*	*	*	*	*	
SPECIAL FUND	3,094,934	5,394,341	6,413,710	7,849,460	7,850	7,850	7,850	7,850
OTHER FED. FUNDS	6,025,344	6,883,294	9,931,408	9,931,408	9,931	9,931	9,931	9,931
CAPITAL IMPROVEMENT COSTS								
PLANS	1,000	220,000						
LAND ACQUISITION	1,000							
DESIGN		720,000		İ				
CONSTRUCTION	3,498,000	50,000						
EQUIPMENT	1,750,000							
TOTAL CAPITAL EXPENDITURES	5,250,000	990,000						
	AND MAIN WAS AND BOOK SUCK SIDE AND ADDRESS AND ADDRES			i				
BY MEANS OF STRANSPING								
BY MEANS OF FINANCING G.O. BONDS	5,250,000	990,000						
TOTAL POSITIONS	*	*	*	*	*	*	*	,
TOTAL PROGRAM COST	14,735,278	13,632,635	16,345,118	17,780,868	17,781	17,781	17,781	17,781

STATE OF HAWAII

REPORT P62

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED146
010504
NATURAL ENERGY LAB OF HAWAII AUTHORITY

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. # OF NEW NELHA TENANTS (ACTUAL) 2. NEW TENANTS (ACRES) (ACTUAL) 3. AMOUNT OF TENANT SALES (\$M) 4. INCREASE IN REVENUES (\$K) 5. AMT OF TENANT CAPITAL INVSTMNT AT NELHA (\$M) 6. VALUE OF CEROS PROJECTS FUNDED (\$M) 7. # OF CEROS OUTREACH & INTERFACE ACTIVITIES	5 17.5 52.9 304 4 4.7 18	3 10 54 1479 6.5 9.0	3 20 82.5 1446 6 9.0 17	3 20 90.8 1017 6 9.0	3 30 99.9 899 6 9.0	3 30 109.9 20 6 9.0	3 30 110 20 6 9.0	3 30 115 20 6 9.0 17
PROGRAM TARGET GROUPS 1. #BUSINESS/INT'L ORGS W/OCEAN RES INTERESTS 2. #BUSINESS/INT'L ORGS W/SUSTAIN ENERGY INTSTS 3. #TENANTS W/BIOTECHNOLOGY INTERESTS 4. #COLLABORATIONS W/UNIVERSITIES AND COLLEGES 5. #COLLABORATIONS W/NATIONAL LABORATORIES 6. #ORGS COMMERCIALIZING OCEAN TECHNOLOGIES 7. #ORGS IN OCEAN TECH DEV & DOD COMMANDS	46	50	50	50	50	50	50	50
	60	70	40	35	35	35	38	41
	3	4	9	10	11	12	12	12
	4	5	6	8	10	12	12	12
	2	2	3	3	3	3	3	3
	102	95	85	85	85	85	85	85
	600	600	600	600	600	600	600	600
PROGRAM ACTIVITIES 1. #OF NELHA TENANTS (ACTUAL) 2. CURRENT NELHA TENANT EXPANSION (ACRES) 3. % OF LAND USE AT NELHA & HOST PARK 4. CUM AMOUNT OF STATE, TENANT, & FED CAP IMPV (\$M) 5. #OF NELHA OUTREACH ACTIVITY PARTICIPANTS 6. % CEROS BUDGET USED FOR TECHNOLOGY PROJECTS 7. #OF CEROS OUTREACH & INTERFACE PARTICIPANTS	43	44	45	48	49	50	53	56
	5	3.5	3	5	5	5	5	5
	46	47	42	42	42	42	52	54
	216	222.5	123	130	137	144	150	156
	3294	3500	3717	4088	4497	4946	5000	5000
	85	90	91	91	91	91	91	91
	435	470	400	400	400	400	400	400
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	1,271	1,716	2,348	2,336	2,362	2,440	2,592	2,592
	6,909	10,405	6,600	6,600	6,600	6,600	6,600	6,600
	2,285	3,645	4,802	6,841	9,689	13,253	17,637	17,637
	10,465	15,766	13,750	15,777	18,651	22,293	26,829	26,829
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	10,465	15,766	13,750	15,777	18,651	22,293	26,829	26,829
	10,465	15,766	13,750	15,777	18,651	22,293	26,829	26,829

To promote sustainable business development and reasonable utilization of available natural resources such as cold deep seawater, warm surface seawater and high solar insolation.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The FB 09-011 executive budget includes the following requests:

- 1. Transfer of \$365,000 in general funds to BED 142/AA to adjust for the legislative reduction per Act 158, SLH 2008.
- 2. Increase the Natural Energy Laboratory of Hawaii Authority (NELHA) special fund ceiling by \$111,366 in FY 10 and \$145,429 in FY 11 due to increases in central services assessments.
- 3. Increase the NELHA special fund ceiling by \$536,655 in FY 10 and \$1,858,172 in FY 11 due to increased electrical costs.
- 4. Increase the NELHA special fund ceiling by \$122,535 in FY 10 and \$183,357 in FY 11 due to rising freshwater costs.
- 5. Increase the NELHA special fund ceiling by \$140,543 in FY 10 and \$159,891 in FY 11 for inceases in ceded land payment to the Office of Hawaiian Affairs.
- Increase federal fund ceiling by \$2,940,880 in FY 10 and FY 11 for the
 cooperative agreement from the Defense Advanced Research Projects Agency
 (DARPA) for the National Defense Center of Excellence for Research in Ocean
 Sciences (CEROS) program.

C. <u>Description of Activities Performed</u>

- 1. Market, manage and operate facilities.
- 2. Operate and maintain unique transmission and distribution systems for large volumes (approximately two tons per second) of deep and surface seawater.
- 3. Operate a water quality laboratory for an environmental monitoring program that samples groundwater and near shore and offshore water as required to maintain the Special Management Permit under which all tenants are able to operate at NELHA. NELHA also oversees the Seawater Certification Program for use of the NELHA service mark.
- 4. Provide informational and educational material and lectures to school classes (K-12 and university level), professional associations, community groups, international visitors, legislators, and the general public. Some 3,072 visitors and 60 energy companies visited NELHA during the past fiscal year.
- 5. Coordinate administration and budgets with CEROS.
- Identify, develop and implement revenue enhancement opportunities that support NELHA's objectives and efforts to attain financial self-sufficiency and sustainability.

D. Statement of Key Policies Pursued

1. HRS 226-4(1): To achieve a strong viable economy, characterized by stability, diversity, and growth is reflected by marketing the NELHA sites and its unique natural resources to bring in a diversity of research projects and commercial businesses that utilize the facility and create new jobs. However, lacking marketing funds, this is all accomplished through word-of-mouth or referrals.

- 2. HRS 226-13: Physical environment-land, air and water quality policy is enforced at NELHA by maintaining class AA offshore waters through a water quality monitoring program and supporting other such programs in the State. This program has been expanded in the past year and is slated for significant expansion during the biennium.
- 3. HRS 226-18(c)(1): Support research and development as well as promote the use of renewable energy sources is implemented by:
 - Facilitating research and development of renewable energy sources such as ocean thermal energy conversion (OTEC), photovoltaic, wind turbine, geothermal, hydrogen and other sources.
 - b) Using deep seawater (DSW), solar heat, and other alternative energy sources to operate NELHA facilities whenever feasible, including the use of cold deep seawater for air-conditioning and irrigation. NELHA and the Kona International Airport have been in discussion about NELHA providing the airport with "cold" for air conditioning purposes.
 - Offering presentations and information about renewable energy to the general public, educational entities, other individuals and businesses.
- 4. HRS 226-103: State economic priority guidelines are carried out by:
 - a) Providing land and support to research and commercial activities to strengthen a diversified economy.
 - b) Encouraging businesses which provide jobs at all levels for the local residents and have minimal impact on Hawaii's environment.

E. <u>Identification of Important Program Relationships</u>

- 1. The private sector has been responsible for all the development of alternate and renewable energy sources. NELHA has developed strong relationships with the public and such private sector interests to maximize resources and partner with them to result in higher achievements. This is exemplified by the partnership with Cellana, funded by Royal Dutch Shell for over \$10 million in capital investment thus far at NELHA and the planned \$100-\$150 million waste-to-energy and biofuels project of Bioenergy Hawaii.
- 2. NELHA has developed strong ties with the U.S. Department of Energy, national laboratories and the U.S. Department of Interior.
- NELHA maintains cooperative agreements with DARPA and serves as the home for CEROS.
- 4. NELHA maintains communications with U.S. Homeland Security, the Federal Bureau of Investigation, and related agencies to participate in security and counter-intelligence efforts.
- 5. NELHA has developed strong national ties as efforts continue to develop the NELHA Gateway Ocean Resources and Commercial Activities Center.
- 6. NELHA's ties with research and development based tenants and commercially viable tenants have furthered the commercial development of alternative energy systems and aquaculture.

F. Description of Major External Trends Affecting the Program

The introduction of desalinated drinking water and multiple DSW-derived cosmetic products has led to tremendous worldwide interest focusing on DSW and NELHA. Two plants at NELHA are considering expansion of their production to meet increased demand.

NELHA has developed into a world-class site for the production of algae and other marine aquaculture products and is involved in the international quest for sources of clean, renewable energy.

Private sector interests have supported new projects and construction.

G. Discussion of Cost, Effectiveness and Program Size Data

The legislative mandate for NELHA to become self-sufficient in FY 07 has decreased available special funds for emergencies.

H. Discussion of Program Revenue

Increased revenues in FY 10 and FY 11 may result from more tenants locating on NELHA properties and royalties paid by water bottling companies.

I. Summary of Analysis Performed

NELHA is updating a master plan for the Hawaii Ocean Science & Techology (HOST) Park area of NELHA to guide the desired growth of NELHA.

J. Further Considerations

NELHA is working with Hawaii's Congressional delegation to secure federal funds through the U.S. Department of Transportation, Highways Division to construct a connector road between NELHA and Kona International Airport. The plans and design phases have been funded. Completion of this roadway will open additional lands and revenue enhancement opportunities for NELHA and the State as well as ease traffic concerns on the Queen Kaahumanu Highway.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED150

PROGRAM STRUCTURE NO. 010701

PROGRAM TITLE:

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

		IN INII AK	\S	:		IN IMUUS	ANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES	281,550	276,639	412.323	412,323	412	412	412	412
OTHER CURRENT EXPENSES	1,309,029	427,248	656,461	656,461	656	656	656	656
EQUIPMENT	15,000	6,469						
TOTAL OPERATING COST	1,605,579	710,356	1,068,784	1,068,784	1,068	1,068	1,068	1,068
BY MEANS OF FINANCING				1				
	2.00*	2.00*	.50*	.50*¦	.5*	.5*	.5*	.5*
GENERAL FUND	270,291	294,600	42,940	42,940	42	42	42	42
SPECIAL FUND	9 31, 551							
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS	12,865							
	*	*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
REVOLVING FUND	390,872	415,756	1,025,844	1,025,844	1,026	1,026	1,026	1,026
CAPITAL IMPROVEMENT COSTS								
	1 751 000	1,869,000	1,856,000	1,955,000	1,855	1,855		
PLANS	1,751,000	1,869,000	1,000	200,000	1,000	1,000		
LAND ACQUISITION	2 222	49.000	200,000					
DESIGN	2,000		•	1,150,000				
CONSTRUCTION	623,000	376,000	542,000	1,645,000				
EQUIPMENT	124,000	376,000	1,000	50,000				
TOTAL CAPITAL EXPENDITURES	2,500,000	2,670,000	2,600,000	5,000,000	1,855	1,855		
				1				
BY MEANS OF FINANCING				1				
G.O. BONDS	2,500,000	2,670,000	2,600,000	5,000,000	1,855	1,855		
TOTAL POSITIONS	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
TOTAL PROGRAM COST	4,105,579	3,380,356	3,668,784	6,068,784	2,923	2,923	1.068	1,068

STATE OF HAWAII

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED150
010701
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
MEASURES OF EFFECTIVENESS 1. NEW PRIV DEV IN KAKAAKO COM DEV DIST (\$M) 2. NEW BI.DG FLOOR SPACE IN KAKAAKO (1000 SF) 3. # OF NEW HOUSING UNITS IN KAKAAKO 4. # OF NEW PUBLIC FACILITIES IN KAKAAKO 5. # ACTIVELY-USED PARCELS IN KALAELOA CDD 6. NEW PRIVATE DEVELOPMENT WITHIN KALAELOA (\$M)	92 749 614 0 56	95 15.5 12 0 57 20	91 636 492 2 57 20	156 0 0 0 0 57 20	116 1140 364 0 57 20	0 0 0 0 57 20	0 0 0 0 57 20	0 0 0 0 57 20
PROGRAM TARGET GROUPS 1. # OF RESIDENTS IN KAKAAKO 2. # OF EMPLOYEES IN KAKAAKO 3. # OF BUSINESSES IN KAKAAKO 4. # OF LANDUSERS WITHIN KALAELOA 5. # RESIDENTS WITHIN KALAELOA	12010 25717 1656 35 5000	12590 25752 1662 35 5000	13090 26382 1672 35 5100	13804 26387 1672 35 5200	14688 27117 1699 35 5300	15028 27117 1699 35 5400	15028 27117 1699 35 5400	15028 27117 1699 35 5400
PROGRAM ACTIVITIES 1. DEVELOPMENT PERMITS ISSUED IN KAKAAKO 2. # INFRASTRUCTURE IMPROV PROJS BEGUN IN KAKAAKO 3. NEW PUBLIC IMPROVEMENTS IN KAKAAKO (\$M) 4. # PARCELS IN KALAELOA COVERED BY ECON DEV PLAN 5. NEW PLANNING IN KALAELOA (\$M) 6. # PARCELS, INFRASTRUCTURE SYS CONVEYED IN KALAELOA 7. # PROJS FACILITATED & COMPLETED IN KALAELOA	160 1 1.1 1.1 121 0 42 5	160 3 19201 121 0 42 5	160 0 1 121 0 42 5	160 0 0 121 0 42 5	160 0 0 121 0 42 5	160 0 0 121 0 42 5	160 0 0 121 0 42 5	160 0 0 121 0 42 5
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: ALL OTHER CHARGES FOR CURRENT SERVICES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	2,400 156 1,164 3,720	1,965 156 432 20,000 22,553	796 304 20,000 21,100	955 337 1,292	561 267 828	561 267 828	561 267 828	561 267 828
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	681 3,039 3,720	234 22,319 22,553	234 20,866 21,100	1,292 1,292	828 828	828 828	828 828	828 828

To revitalize urban areas in the State which are in need of timely redevelopment through the creation of mixed-use districts for residential, commercial and light industrial development that help to address the economic and social needs of the people of the State of Hawaii by encouraging the desired private investment through: 1) planning and implementation of infrastructure improvements; 2) development of public facilities; and 3) establishment of planning guidelines and parameters that encourage mixed-use development.

B. <u>Description of Request and Compliance with Section 37-68 (1)(A)(B)</u>

The Fiscal Biennium 09-11 operating budget includes the following requests:

- BED 150KA Convert 1.5 permanent positions and \$128,820 from general funds to Hawaii Community Development Authority (HCDA) revolving funds in FY 10 and FY 11 to enable the Department of Business, Economic Development & Tourism (DBEDT) to meet general fund reduction goals. In addition, increase the HCDA revolving fund ceiling by \$52,069 in FY 10 and FY 11 due to increases in fringe benefits costs associated with the change in means of financing (MOF).
- 2. BED 150KA Transfer of \$10,272 in general funds to BED 150KL to cover anticipated payroll shortfall.
- 3. BED 150KA Transfer of \$1,658 in general funds to BED 105CI to cover anticipated payroll shortfall.
- 4. BED 150KL Convert 2.0 temporary positions and \$137,292 from general funds to Kalaeloa revolving funds in FY 10 and FY 11 to enable DBEDT to meet general fund reduction goals. In addition, increase the Kalaeloa revolving fund by \$57,663 in FY 10 and FY 11 due to increases in fringe benefits costs associated the change in MOF.

The FB 09-11 capital improvement project (CIP) budget includes the following requests:

- BED 150KA HCDA Community Development Districts, Oahu: \$1,855,000 in general obligation (G.O.) bond funds for FY 10 and FY 11 for costs related to wages and fringe benefits for 19.0 program and support staff for implementation of capital improvement projects (CIP) for HCDA's community development districts.
- BED 150KL Improvements to Enterprise Road, Kalaeloa, Oahu: \$3,145,000 in G.O. bond funds for FY 11, for plans, land acquisition, design, construction and installation of overhead 12 KV electric line along Enterprise Road.
- 3. BED 150KA Army and Air Force Exchange Services (AAFES) Building Improvements, Oahu: \$745,000 in G.O. bond funds for FY10 for plans, land acquisition, design, construction and repair and maintenance projects, including energy efficiency projects, at the AAFES building.

C. <u>Description of Activities Performed</u>

For legislatively designated community development districts, HCDA is mandated to develop community development plans which include, but are not limited to, community development guidance policies, district-wide infrastructure improvement programs and community development rules. HCDA must implement a community development district plan after receiving Governor's approval funding from the Legislature.

Major activities during the plan implementation stage include: a) planning and regulatory functions in the administration of the plan and rules; b) infrastructure systems improvements under the district-wide improvement program; c) development and maintenance of public facilities such as parks, and parking garages; and d) development and maintenance of State lands.

Currently, HCDA is in the plan implementation stage for the 600+ acre Kakaako Community Development District and in the planning stage for the 3,698-acre Kalaeloa Community Development District.

D. Statement of Key Policies Pursued

HCDA's objectives and activities are guided by policies stated in Chapter 206E, HRS, which establishes the HCDA, provides HCDA with the objectives, powers, and responsibilities of HCDA, establishes the Kakaako and Kalaeloa Community Development Districts, and sets specific development guidelines for each District.

Direction for HCDA's activities is also provided by Chapter 226, HRS, particularly Section 226-52(a)(2), which requires that State programs conform to the priority guidelines of the Hawaii State Plan.

E. <u>Identification of Important Program Relationships</u>

HCDA has important program relationships with State and County agencies that are involved in activities relating to infrastructure systems improvements, redevelopment of Kalaeloa, and the Honolulu waterfront area. In addition, important relationships exist with the U.S. Navy with regard to redevelopment of Kalaeloa. HCDA coordinates with the appropriate Federal, State or County agency when a program relationship exists.

Because of the comprehensive nature of HCDA's economic and recreational development objectives, its activities support each of DBEDT's strategic objectives: 1) development of the urban core and of workforce housing; 2) workforce development; 3) energy for tomorrow; 4) export of goods and services; 5) creation of an innovation infrastructure; and 6) improve Hawaii's small business environment.

F. Description of Major External Trends Affecting the Program

The major external trend affecting the program is the condition of the economy in general, and that of the real estate industry in particular. An integral part of HCDA's

implementation of its development programs is the participation of the private sector, which is greatly influenced by macro-economic conditions. Another major impact is the market demand for industrial, commercial and residential floor space on Oahu generally, and in Kakaako and Kalaeloa specifically.

G. Discussion of Cost, Effectiveness and Program Size Data

With new construction volume resulting from infrastructure improvements, public facilities development projects, and continuation of private sector development projects, the related tax revenues to the State of Hawaii generated from HCDA improvement district program should exceed program costs in the long run. The increase in land values due to infrastructure improvements and new developments benefits the City and County of Honolulu through increased property taxes. In terms of State and Functional Plan objectives, returns are in the functional areas of optimal land use, increased construction and economic activity, new housing units, new public facilities, and improved business and residential community areas.

Previous CIP appropriations and future requests are typically based on construction of infrastructure systems improvements in segments, construction of public facilities, and development, planning and construction of infrastructure improvements systematically. The objective is to continuously maintain construction activity and complete necessary district-wide improvements in a timely manner.

H. Discussion of Program Revenue

Direct program revenues, whose use is restricted by statute and case law, include:

1) fees in lieu of public facilities dedication fees and reserved housing fees received from private developers; 2) improvement district property assessments received from property owners who benefit from infrastructure systems improvements; 3) lease rents collected on HCDA-managed lands/facilities; and 4) permit and other fees charged to offset administrative processing costs. Non-cash receipts include land dedicated by private developers for public facilities. Other potential revenue sources would be from county programs, particularly through a yet-to-be-established tax increment financing program and federal programs.

BED	150	HA	W	'ΑΙΙ	CC	MM	IUI	TIV	YΙ	Œ	VEL	OPI	MENT	`A	U)	ГНС	RIT	Ϋ́

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I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED151

PROGRAM STRUCTURE NO. 010702

ALOHA TOWER DEVELOPMENT CORPORATION PROGRAM TITLE:

		IN DOLLAF	?S	!		TN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT	1.00* 305,789 484,716 613	* 386,399 2,089,205 1,614	* 686,644 1,317,296	686,644 1,327,296	* 687 1,327	* 687 1,327	* 687 1,327	* 687 1,327
TOTAL OPERATING COST	791,118	2,477,218	2,003,940	2,013,940	2,014	2,014	2,014	2,014
BY MEANS OF FINANCING SPECIAL FUND INTERDEPT. TRANSFER	1.00* 791,118	* 977,218 1,500,000	* 1,628,940 375,000	1,628,940 385,000	* 1,629 385	* 1,629 385	* 1,629 385	* 1,629 385
CAPITAL IMPROVEMENT COSTS PLANS DESIGN CONSTRUCTION			200,000 200,000 2,000,000					
TOTAL CAPITAL EXPENDITURES			2,400,000					
				· ·				
BY MEANS OF FINANCING G.O. BONDS			2,400,000					
TOTAL POSITIONS TOTAL PROGRAM COST	1.00* 791,118	* 2,477,218	* 4,403,940	2,013,940	2,014	* 2,014	* 2,014	* 2,014

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED151
1010702
ALOHA TOWER DEVELOPMENT CORPORATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. DEVELOPMENT PROJECTS GENERATED 2. NUMBER OF JOBS CREATED 3. TOTAL CONSTR VALUE OF DEV PROJS UNDER NEGOTN (MIL) 4. EST. TAX REVENUE INCREASE FROM DEVELOPMENT (MIL)	5 100 305 35.7	5 100 0	5 100 300 35.1	5 100 0 0	5 100 0 0	5 100 0 0	5 100 0 0	5 100 0 0
PROGRAM TARGET GROUPS 1. LOCAL AND INTERNATIONAL REAL ESTATE DEVELOPERS 2. EXISTING AND POTENTIAL TENANTS/USERS/DEVELOPERS	2	2	2	2	2	2	2	2
	500	500	500	500	500	500	500	500
PROGRAM ACTIVITIES 1. #PROJECTS UNDER DEVELOPMENT OR UNDER AGREEMENT 2. #DIRECT NEGOTIATIONS ENTERED INTO 3. #OF INITIATIVES GENERATED 4. #OF PROJECTS UNDER CONSTRUCTION	5	5	5	5	5	5	5	5
	5	5	5	5	5	5	5	5
	7	7	7	7	7	7	7	7
	2	2	2	2	2	2	2	2
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY TOTAL PROGRAM REVENUES	<u>1,000</u>	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	<u>1,000</u>	1,000 1,000	1,000 1,000	1,000 1.000	1,000 1.000	1,000 1,000	1,000 1.000	1,000 1,000

To strengthen the international economic base of the community in trade activities, enhance beautification of the waterfront, improve modern maritime uses in concert with the State Department of Transportation (DOT), and provide for public access and use of waterfront property.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The Fiscal Biennium 09-11 operating budget includes a request for \$375,000 in FY 10 and \$385,000 in FY 11 in interdepartmental transfer of funds from DOT Harbors (DOT-H) for operating expenses related to implementation of the Harbors Modernization Plan (HMP).

The ATDC is further seeking general obligation (G.O.) bond funds in the amount of \$2.4 million in FY 10 for expansion of the existing surface parking lot at Piers 5 & 6, including but not limited to pre-development studies such as traffic, infrastructure and environmental impact documentation. Work will include design, preparation of bid specifications and construction for the expanded parking lot and roadway improvements. The improvement will increase the number of parking stalls by approximately 110 stalls.

C. <u>Description of Activities Performed</u>

1. Aloha Tower Project Area

• The ATDC retained a planning consultant to begin a comprehensive review of the ATDC Development Plan and the Hawaii Administrative Rules. Planning charettes were initiated in the 2nd quarter of 2008.

- Negotiations continued with Apollo, owners of the Aloha Tower Marketplace, to resolve parking shortages and possible improvements to the marketplace.
- New World Divers proposal to construct a world-class diving facility off the water's edge at Piers 5 & 6 was terminated due to the developer's inability to secure financing for the project.
- In 2007, the Aloha Tower Marketplace (ATM) averaged an 87% occupancy rate and tenant revenues were up by approximately 4.1% from 2006. However, the ATM continued to aggressively market the property as it struggles with financial viability.
- 2. Hawaii Harbors Task Force (2007) Hawaii Harbors Modernization Plan (2008)
 - In 2007, Act 127, SLH 2007, was adopted by the Legislature, formalizing a
 partnership between the ATDC and DOT-H for the expedited development of
 commercial harbor infrastructure in Honolulu Harbor.
 - An 8-year lease was negotiated and executed with Matson for a 9.6 acre portion of Sand Island. Matson completed construction on site improvements and is fully utilizing the site as of November 2007.
 - Construction was completed on \$2.7 million in improvements at Piers 1 & 2.
 - A development plan was completed for the new 70-acre Kapalama Container Terminal.
 - A warehouse shed at Pier 40 was demolished to provide expansion area for Young Brothers.
 - Matson rolling stock operations was relocated from Pier 29 to Pier 2.

 Act 200, SLH 2008 was adopted which partners the ATDC with the DOT-H, for implementation of the HMP. The legislation is effective from July 1, 2008 to June 30, 2016 and calls for the ATDC/DOT partnership to expedite the development of critically needed port infrastructure statewide. Appropriations totaling \$144.3 million were approved for the program in FY09.

D. Statement of Key Policies Pursued

ATDC has the statutory mandate of redeveloping, renovating and/or improving the Aloha Tower Complex to: 1) strengthen the international base of the community in trade activities; 2) enhance the beautification of the waterfront; 3) improve modern maritime uses in concert with the DOT; and 4) provide for public access and use of the property.

E. <u>Identification of Important Program Relationships</u>

ATDC is statutorily partnered with the DOT-H for the expedited development of critically needed commercial harbor infrastructure statewide. Other key program relationships include relationships with State Departments of Business, Economic Development & Tourism, and Land and Natural Resources, and community/business groups such as the Hawaii Harbors Users Group. With the addition of neighbor island ports to ATDC's responsibilities, favorable County relationships are also necessary. Harbor infrastructure projects will require in-water work, requiring key relationships with Federal agencies like the U.S. Army Corps of Engineers. The ATDC coordinates with governmental entities on federal, state and local levels.

F. Description of Major External Trends Affecting the Program

There are many externalities that directly affect program activities. Foremost are national and international fiscal policies and economic conditions; secondarily is Hawaii's competitiveness in the global economy. State fiscal policies ultimately determine allocation of resources to priority programs.

G. <u>Discussion of Cost</u>, <u>Effectiveness and Program Size Data</u>

None.

H. Discussion of Program Revenue

- 1. Aloha Tower Project Area: Revenues generated by this program are derived from rents paid for the lease underlying the Aloha Tower Marketplace and interest income. Funds are deposited into the Aloha Tower Special Fund.
- 2. Hawaii Harbors Task Force (2007) Hawaii Harbors Modernization Plan (2008): Funds for implementation of the planning, design and construction of harbor infrastructure are delegated from the DOT-H.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED160

PROGRAM STRUCTURE NO. 0108

PROGRAM TITLE:

HAWAII HOUSING FINANCE AND DEVELOPMENT C

		IN DOLLA	\RS			IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST	34.00*	34.00*	33.00*	33.00*	33.0*	33.0*	33.0*	33.0*
PERSONAL SERVICES	3,139,443	4,831,562	6,201,850	6,203,404	6,204	6,204	6,204	6,204
OTHER CURRENT EXPENSES	25,198,176	36,647,692	51,647,692	51,647,692	26,647	26,647	26,647	26,647
TOTAL OPERATING COST	28,337,619	41,479,254	57,849,542	57,851,096	32,851	32,851	32,851	32,851
BY MEANS OF FINANCING				1				
	3.00*	3.00*	*	*	*	*	.*	*
GENERAL FUND	15,101,657	184,401						
OTHER FED. FUNDS	106,359	3,000,000	3,000,000	3,000,000	3,000	3,000	3,000	3,000
TRUST FUNDS	8,319,781	31,923,698	46,923,698	46,923,698	21,924	21,924	21,924	21,924
	31.00*	31.00*	33.00*	33.00*	33.0*	33.0*	33.0*	33.0*
REVOLVING FUND	4,809,822	6,371,155	7,925,844	7,927,398	7,927	7,927	7,927	7,927
CAPITAL IMPROVEMENT COSTS								
CONSTRUCTION	125,000	53,500,000	83,000,000	50,000,000				
TOTAL CAPITAL EXPENDITURES	125,000	53,500,000	83,000,000	50,000,000				
				i====== i				
BV 45440 AF 574446746								
BY MEANS OF FINANCING G.O. BONDS	125,000	51,000,000	83,000,000	50,000,000				
REVOLVING FUND		2,500,000						
TOTAL POSITIONS	34.00*	34.00*	33.00*	33.00*	33.00*	33.00*	33.00*	33.00*
TOTAL PROGRAM COST	28,462,619	94,979,254	140,849,542	107,851,096	32,851	32,851	32,851	32,851

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED160
0108
HAWAII HOUSING FINANCE AND DEVELOPMENT CORP

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. # OF HOMEBUYERS ASSISTED 2. # OF NEW RENTAL UNITS 3. # OF EXISTING AFFORD RENTAL HOUSING UNITS PRESERV 4. # OF LEASE RENTS RENEGOTIATED 5. # OF SINGLE FAM LEASHLD LOTS CONVERT TO FEE SIMPLE	889 443 929 0	409 437 108 0 1	414 354 50 0	612 497 50 0	612 497 50 0	612 497 50 0	612 497 50 0	612 497 50 0
PROGRAM TARGET GROUPS 1. HSEHLDS EARN UP 140% OF MED INC EST BY USDHUD 2. EMPLOYEES OF TARGETED IND IDENTIFIED BY DBEDT	2261 NO DATA	954 NO DATA	2700 0	2700 0	2700	2700 0	2700 0	2700 0
PROGRAM ACTIVITIES 1. ORIGINATE LOANS/GRANTS FOR ACQ/REHAB OR DEV OF HSE 2. ALLOCATE TAX CRDT FOR ACQ/REHAB OR DEV OF HOUSING 3. ISSUE TAX-EXEMPT REVENUE BONDS (\$M) 4. UTILIZE CH 201H TO FAC ST & CNTY LAND APP FOR HSNG 5. ACQUIRE/DISPOSE OF REAL PROPERTY 6. ASSIST FIRST-TIME HOMEBUYERS 7. PROCESS APP FOR ARBITRATION OF LEASE RENT RENEGO 8. PROCESS APPLICATIONS FOR LEASEHOLD CONVERSION	810	510	100	100	100	100	100	100
	239	225	225	225	225	225	225	225
	54	54	0	50	50	50	50	50
	880	90	0	50	50	50	50	50
	6	4	7	1	1	1	1	1
	715	59	189	312	312	312	312	312
	0	0	0	0	0	0	0	0
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	19,204 40,396 106 8,174 55,451	16,000 41,633 150 8,137 44,560	15,000 40,222 150 8,298 44,564 108,234	15,000 40,236 150 14,151 44,566 114,103	15,000 40,503 150 8,583 44,568	15,000 40,497 150 8,583 44,572	15,000 40,495 150 8,584 44,576	15,000 40,486 150 8,584 44,581 108,801
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) GENERAL FUNDS SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	3	3	3	3	3	3	3	3
	106	150	150	150	150	150	150	150
	123,222	110,327	108,081	113,950	108,651	108,649	108,652	108,648
	123,331	110,480	108,234	114,103	108,804	108,802	108,805	108,801

To support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

B. <u>Description of Request and Compliance with section 37-68(1)(A)(B)</u>

The Fiscal Biennium 2009-11 operating budget includes the following requests:

- 1. BED 160HA Transfer (Secretary II #118427) 1.00 FTE permanent position count and \$30,036 in general funds to BED 120/SI for the HI Clean Energy Initiative.
- 2. BED 160HA Transfer out \$31,212 in general funds per Act 158/08 legislative reduction to BED 142/AA for FY 10 and FY 11.
- 3. BED 160HA Change of MOF from "A" to "W" for 2.00 permanent FTE positions (Clerk Typist II & Account Clerk V); and 2.00 temporary FTE positions (HHFDC Executive Director & HHFDC Deputy Executive Director). "A" fund reduction in FY 10 and FY 11 is \$146,178; "W" fund increase in FY 10 is \$375,500 and FY 11 is \$377,054.
- 4. BED 160HF Increase the trust fund ceiling by \$25 million in FY 10 and FY 11 to reflect Rental Housing Trust Fund infusion.
- 5. BED 160HF The fringe benefit cost for FB 09-11 increased due to salary schedule increases and increased fringe benefit rate by \$279,284 in each fiscal year.
 - BED 160HA The fringe benefit cost for FB 09-11 increased due to salary schedule increases, increased fringe benefit rate by \$680,869 in each fiscal year.
 - BED 160HD The fringe benefit cost for FB 09-11 increased due to salary schedule increases and increased fringe benefit rate by \$219,036 in each fiscal year.

The Fiscal Biennium 2009-11 CIP budget includes the following requests:

- 1. BED 160HD Senior Residence at Iwilei \$33,000,000 in G.O. bonds for FY 10.
- BED160HD Dwelling Unit Revolving Fund Infusion \$25,000,000 in G.O. Bonds for FY 10 and FY 11.
- 3. BED 160HF Rental Housing Trust Fund infusion \$25,000,000 in G.O. Bonds for FY 10 and FY 11.

C. Description of Activities Performed

The Hawaii Housing Finance and Development Corporation (HHFDC) is mandated to facilitate the development of affordable for-sale and rental housing under the policies, direction, and oversight of a nine-member Board of Directors. The HHFDC works with private and public partners to increase the supply of permanent, affordable housing, as well as preserve the existing inventory of rental housing using its financing and development tools.

D. Summary of Key Policies Pursued

The HHFDC is a functional plan preparing agency for the housing functional plan. The HHFDC's activities directly support the Hawaii State Plan's Objectives and Policies for Socio-Cultural Advancement – Housing (section 226-19, HRS) and Priority Guidelines for Affordable Housing (section 226-106, HRS).

The HHFDC's specific objectives and activities are guided by Chapter 201H, HRS, which established the HHFDC.

E. Identification of Important Program Relationships

The HHFDC has important program relationships with State, County, and Federal

agencies involved in affordable housing financing and development, including the Hawaii Public Housing Authority, the Department of Land and Natural Resources, the Department of Hawaiian Home Lands, the County housing agencies and Planning Departments, the U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture -- Rural Development. The HHFDC and these agencies work together to coordinate activities and resources to promote affordable housing statewide.

F. Description of Major External Trends Affecting the Program

The HHFDC's production and efficacy is dependent on the state of the real estate market and the construction industry, the condition of the financial markets, and the economy in general. The demand for affordable housing, as well as the capacity to increase supply statewide, is dependent on these external factors.

G. Discussion of Cost, Effectiveness and Program Size Data

The HHFDC's program effectiveness in FY 08 was impeded by several external factors adversely affecting the real estate and development industries. One effect of the residential mortgage foreclosure meltdown and the financial markets crisis is that it is more difficult to obtain both purchase money and development financing at this time. Thus, sales of affordable single family homes have slowed such that HHFDC has not met its projections for number of new homebuyers assisted, and developer interest in Requests for Proposals for HHFDC-owned parcels suitable for affordable housing development has decreased substantially. Furthermore, the HHFDC has not been able to meet its projected unit count during FY 08 due to various factors, including increases in construction costs and fuel surcharges, as well as the credit crunch. Until the financial market stabilizes, additional State financing resources will be needed to enhance project feasibility.

H. Discussion of Program Revenues

Revenues generated from the Housing Development program activities include application fees, interim interest on Dwelling Unit Revolving Fund construction loans,

administrative fees and fees related to the disposition of land or affordable units developed under the program. Revenues are collected from the sale of the leased fee interest, deferred sales prices, the Shared Appreciation Equity Program, and administrative fees from various programs.

The Hula Mae Single Family Program and the Hawaii Rental Housing System Revenue Bond Program produce revenues pledged to the repayment of the bonds issued to fund the program.

Revenues generated from the Mortgage Credit Certificate Program and Low Income Housing Tax Credit Program reflects applicable fees charged to applicants. Revenues from the Rental Assistance Revolving Fund primarily reflect interim construction loan payments which are used to make additional loans.

Finally, the Rental Housing Trust Fund obtains revenues generated by a share of the conveyance tax proceeds.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations.

None.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

PROGRAM STRUCTURE NO. 11

PROGRAM TITLE:

GOVERNMENT-WIDE SUPPORT

		IN DOLLARS					IN THOUSANDS				
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15			
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	49.00* 3,181,246 3,371,626	48.00* 3,514,668 6,504,518	49.00* 4,106,518 4,478,888	49.00* 4,106,518 4,478,888	49.0* 4,106 4,477	49.0* 4,106 4,477	49.0* 4,106 4,477	49.0° 4,106 4,477			
EQUIPMENT	47,537	18,898			•		•				
TOTAL OPERATING COST	6,600,409	10,038,084	8,585,406	8,585,406	8,583	8,583	8,583	8,583			
				· · · · · · · · · · · · · · · · · · ·							
BY MEANS OF FINANCING				1							
	41.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0			
GENERAL FUND	3,114,450	3,123,079	3,223,074	3,223,074	3,222	3,222	3,222	3,222			
	4.00*	4.00*	*	*	*	*	*	*			
SPECIAL FUND	1,323,151	1,933									
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0			
OTHER FED. FUNDS	2,162,808	4,336,671	2,468,744	2,468,744	2,468	2,468	2,468	2,468			
	*	*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0			
INTERDEPT. TRANSFER		1,576,401	1,893,588	1,893,588	1,893	1,893	1,893	1,893			
REVOLVING FUND		1,000,000	1,000,000	1,000,000	1,000	1,000	1,000	1,000			
TOTAL POSITIONS	49.00*	48.00*	49.00*	49.00*	49.00*	49.00*	49.00*	49.00			
TOTAL PROGRAM COST	6,600,409	10,038,084	8,585,406	8,585,406	8,583	8,583	8,583	8,583			

REPORT P61-A

PROGRAM ID:

BED144

PROGRAM STRUCTURE NO. 11010302

PROGRAM TITLE:

STATEWIDE PLANNING & COORDINATION

							IN THOUSANDS				
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10 	FY2010-11 	FY2011-12 	FY2012-13 	FY2013-14 	FY2014-15 			
OPERATING COST	23.00*	22.00*									
PERSONAL SERVICES	1,695,177	1,969,917	2,064,330	2,064,330	2,064	2,064	2,064	2,064			
OTHER CURRENT EXPENSES EQUIPMENT	2,095,781 18,157	5,048,076	2,995,841	2,995,841	2,995	2,995	2,995	2,995			
TOTAL OPERATING COST	3,809,115	7,017,993	5,060,171	5,060,171	5,059	5,059	5,059	5,059			
BY MEANS OF FINANCING				!							
	19.00*	18.00*	17.00*	17.00*	17.0* 1,591 4.0*	17.0* 1,591 4.0*	17.0* 1,591 4.0*	17.0* 1,591 4.0*			
GENERAL FUND	1,646,307		1,591,427 4.00*	1,591,427 4.00*							
ATUER FER FUNDS	4.00*	4.00*									
OTHER FED. FUNDS REVOLVING FUND	2,162,808	4,336,671 1,000,000	2,468,744 1,000,000	2,468,744 1,000,000	2,468 1,000	2,468 1,000	2,468 1,000	2,468 1,000			
TOTAL POSITIONS	23.00*	22.00*	21.00*	21.00*	21.00*	21.00*	21.00*	21.00*			
TOTAL PROGRAM COST	3,809,115	7,017,993	5,060,171	5,060,171	5,059	5,059	5,059	5,059			

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED144
11010302
STATEWIDE PLANNING AND COORDINATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. # OF PLANS/STUDIES PREPARED IN TIMELY MANNER 2. #LUC DECISIONS UPHLDG OP POS AS %TOT LUC DECSNS 3. # ACRES INVOLVED IN LUC DECISIONS SPPRTG OP POSTN 4. # RVIEWS OF FED ACTIV PROPSD/CONDUCTD IN CZM AREA 5. #STATE/CNTY PROGS AIMG TO ATTN OBJ OF CZM PROG	12 100 1101 40 11	7 100 7260 40	5 100 1500 40 386	5 100 1500 40 386	5 100 1500 40 386	5 100 1500 40 386	5 100 1500 40 386	5 100 1500 40 386
PROGRAM TARGET GROUPS 1. STATE RESIDENT POPULATION (THOUSANDS) 2. NO. OF APPLICANTS FOR FEDERAL PERMITS & LICENSES 3. NUMBER OF APPLICANTS FOR LAND USE REVIEWS	1290	1300	1346	1410	1415	1420	1420	1 4 20
	39	40	55	55	60	60	60	60
	16	26	6	6	6	6	6	6
PROGRAM ACTIVITIES 1. #SPECIAL PLANS/PLNNG REPORTS DEVELOPED/REVIEWED 2. #OF COUNTY GENERAL & DEV PLANS/AMENDMTS REVUED 3. #LU BOUNDARY AMDT PETITIONS, OTH LUC ITEMS REVW'D 4. #STATE POSN STATEMTS PREP FOR LU BOUNDRY CHG PETS 5. NUMBER OF FEDERAL CONSISTENCY REVIEWS 6. STATE PERMITS/APPROVALS REVIEWED BY CZM PROGRAM	6	4	6	6	6	6	6	6
	20	25	30	30	30	30	30	30
	16	26	7	7	7	7	7	7
	5	8	6	6	6	6	6	6
	79	80	85	85	85	85	85	85
	8	12	14	14	14	14	14	14
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUE FROM OTHER AGENCIES: FEDERAL TOTAL PROGRAM REVENUES	2,369	4,244	2,090	2,021	2,021	2,021	2,021	2,021
	2,369	4,244	2,090	2,021	2,021	2,021	2,021	2,021
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	2,369	4,244	2,090	2,021	2,021	2,021	2,021	2,021
	2,369	4,244	2,090	2,021	2,021	2,021	2,021	2,021

To enhance the efficiency and effectiveness of State programs by maintaining a comprehensive statewide planning process, through the formulation of a State policy plan and the development of a policy planning and implementation framework; undertaking comprehensive land use and coastal zone planning, management, and implementation; facilitating intergovernmental coordination and cooperation; undertaking strategic and regional planning to address areas of critical State concerns relating to social, economic or physical conditions; and promoting programs and capital improvement projects which further State policies.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The FB 09-11 biennium budget includes the following:

- Abolish 1.0 temporary OP Director Secretary and 1.0 permanent Planner VI from BED 144/PL. Transfer of \$91,500 in general funds for personal services to BED 120/SI for the Hawaii Clean Energy Initiative program.
- 2. Transfer of \$37,437 in general funds for other current expenses from BED 144/PL to BED 142/AA in FY 10 and FY 11 to adjust for the legislative reduction per Act 158, SLH 2008.
- 3. Transfer of \$36,211 in general funds for other current expenses from BED 144/PZ to BED 142/AA in FY 10 and FY 11 to adjust for the legislative reduction per Act 158, SLH 2008.

C. Description of Activities Performed

The Office of Planning (OP), administratively attached to the Department of Business, Economic Development and Tourism (DBEDT), administers the program

which is designed to assist in the overall analysis and formulation of State policies and strategies. Major activities include:

- 1. Comprehensive, Regional and Strategic Planning OP promotes growing in ways that ensure a high quality of life and sustainable economic growth.
- Land Use Planning Developing and presenting the position of the State and
 assisting State agencies in all boundary change petitions and proceedings before
 the Land Use Commission and conducting a periodic review of State Land Use
 district boundaries.
- 3. Coastal and Ocean Policy Management Carrying out the lead agency responsibilities for the Hawaii Coastal Zone Management Program (CZM) and coordinating the implementation and periodic update of the Ocean Resources Management Plan.
- 4. Planning and Geographic Information System Planning, developing, implementing and coordinating a statewide planning and geographic information system. Development of planning applications including spatial data and analyses to enhance decision-making.
- 5. Administering \$2 million in federal funds for the Brownfields Cleanup Revolving Loan Fund program and Brownfields Site Assessment grant and the statewide comprehensive economic development strategy (CEDS).

D. Statement of Key Policies Pursued

 Hawaii State Plan (Chapter 226, HRS) serves as a long-range development guide for the State by identifying goals, objectives, policies and priorities. In particular, the program addresses Sec. 226-104, Priority Guidelines for Population Growth and Land Resources.

- CZM objectives and policies (Section 205A-2, HRS) sets forth objectives and
 policies relating to recreational, historic, scenic and open space resources, coastal
 ecosystems, economic uses, coastal hazards, beach protection and other related
 areas.
- State Land Use Law (Chapter 205, HRS) regulates the districting and classification of lands in the State.

E. <u>Identification of Important Program Relationships</u>

OP works closely with many Federal, State and County agencies in the development of policies, preparation of plans and studies and implementation of activities. Specific projects which involve coordination with other State and County agencies include coordinating the Hawaii CEDS, preparing the State's position before the Land Use Commission, implementing the CZM Program, administering the Geographic Information System Program, and participating in Brownfields partnerships.

F. Description of Major External Trends Affecting the Program

Among the many externalities that directly and indirectly impinge on program activities are national and international economic conditions and the State's fiscal and economic condition. These conditions affect land demand for resort, commercial, industrial, residential and agricultural uses and coastal and ocean activities which have potential impacts on natural, cultural, historic, recreational and other resources. Federal policies and regulations and court decisions also impact program activities.

G. Discussion of Cost, Effectiveness and Program Size Data

OP has continued to focus on its core statutory functions, federally-funded programs and priority project areas of the Administration and Legislature.

Despite its small size, the Office produced numerous planning and policy studies, position papers, and reports in order to provide quality information to decision-makers. The National Oceanic and Atmospheric Administration (NOAA) has

continued to increase requirements for the receipt of federal CZM funds. OP maintained its effectiveness and productivity despite the challenges of staff and resource constraints.

H. Discussion of Program Revenue

Under the Hawaii Coastal Zone Management Program (CZM-Hawaii), State and County agencies have direct responsibilities in implementing the Hawaii CZM law, Chapter 205A, HRS. Federal fund grants to CZM support projects and activities to protect Hawaii's coastal resources. Federal funds for Brownfields loans and site assessment and EDA grants for economic development planning have also been obtained.

I. Summary of Analysis Performed

Due to projections of declining State revenues and budget deficits and the need to meet budget reduction targets, the BED144 budget request shows a reduction of \$91,500 in personal services. The programs of BED144, Office of Planning, are already operating at their basic core levels. In order to avoid reductions-in-force, the only option available to meet targeted reductions was to delete vacant general funded positions and funding for those positions.

J. Further Considerations

None.

REPORT P61-A

PROGRAM ID:

BED103

PROGRAM STRUCTURE NO. 11010303

PROGRAM TITLE:

STATEWIDE LAND USE MANAGEMENT

							IN THOUSANDS				
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15			
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT TOTAL OPERATING COST	6.00*	08,030 337,917	6.00*	6.00* 361,535 144,667	6.0* 362 144	6.0* 362 144	6.0* 362 144	6.0*			
	308,030		361,535					362			
	157,760 567		144,667					144			
	466,357	491,668	506,202	506,202	506	506	506	506			
				I							
BY MEANS OF FINANCING				!							
	6.00*	6.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*			
GENERAL FUND	466,357	491,668	506,202	506,202	506	506	506	506			
TOTAL POSITIONS	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*			
TOTAL PROGRAM COST	466,357	491,668	506,202	506,202	506	506	506	506			

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED103
11010303
STATEWIDE LAND USE MANAGEMENT

	FY	FY	FY	FY	FY	FY	FY	FY
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. NUMBER OF ACRES REVIEWED FOR RECLASSIFICATION 2. NUMBER OF ACRES REVIEWED FOR SPECIAL PERMIT	4528	4000	1500	1500	1500	1500	1500	1500
	456	300	300	300	300	300	300	300
PROGRAM TARGET GROUPS 1. APPLICANTS FOR LAND USE REVIEW	1087	1000	850	850	850	850	850	850
PROGRAM ACTIVITIES 1. LAND USE BOUNDARY CHANGE PETITIONS PROCESSED 2. SPECIAL PERMIT APPLICS PROCESSED 3. LAND USE BOUNDARY INTERPRET - REQUESTS PROCESSED 4. MOTIONS PROCESSED	8	10	10	10	10	10	10	10
	4	3	3	3	3	3	3	3
	1087	1000	850	850	850	850	850	850
	23	25	25	25	25	25	25	25
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	2	4 4	4	<u>4</u> 4	<u>4</u> 4	4 4	4 4	4 4
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS) GENERAL FUNDS TOTAL PROGRAM REVENUES	2	4	44	44	4	44	41	4

A. Statement of Program Objectives

To preserve, protect, and encourage the development and preservation of lands in the State for those uses to which they are best suited in the interest of public health and welfare of the people of the State of Hawaii through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes (HRS), as amended.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

Transfer of \$9,084 in general funds in FY 10 and FY 11 to BED 142/AA due to legislative reduction per Act 158, SLH 2008.

C. Description of Activities Performed

The major activities of the Land Use Commission (LUC) include: 1) processing and deciding on district boundary amendment petitions which involve lands over 15 acres in the State Agricultural, Rural and Urban Districts, and all district boundary amendment petitions of lands in the Conservation District; 2) processing special permit applications for lands in the Agricultural or Rural Districts which are over 15 acres; 3) processing boundary interpretation requests; 4) monitoring past LUC approvals; 5) maintaining, updating and disseminating official State land use district boundary maps and land use statistics; and 6) providing public information.

D. Statement of Key Policies Pursued

The State Land Use Law, Chapter 205, HRS, as amended, and Chapter 15-15, Hawaii Administrative Rules (HAR), provide statutory and administrative rules and guidelines for the LUC's consideration and decision on district boundary amendment petitions and special permit applications. Chapter 205, HRS, also requires that any decision by the LUC shall comply with the goals, objectives, policies, and priorities of

the Hawaii State Plan, Chapter 226, HRS, as amended. Other policy guidelines are found in Chapter 205A, HRS, Coastal Zone Management.

E. <u>Identification of Important Program Relationships</u>

During its review process for district boundary amendment petitions, the LUC is required to consider the extent to which the proposed reclassification conforms to the applicable goals, objectives, and policies of the Hawaii State Plan and relates to the applicable priority guidelines and adopted functional plans, all of which are presently administered by the State Office of Planning. The LUC is also bound by rules to consider relevant objectives, policies and guidelines of the State Coastal Zone Management Program, and the General Plan of the respective county in which the land is located.

F. Description of Major External Trends Affecting the Program

Major external trends affecting the program include: 1) general economic conditions on a local and national scale; 2) population and tourism growth; 3) commercial and industrial development; and 4) federal programs and policies.

G. Discussion of Cost, Effectiveness and Program Size Data

The effectiveness of the program is measured by: 1) number of acres reviewed for reclassification; and 2) number of acres reviewed for special permit. Program effectiveness may also be measured by the timeliness and efficiency in which the LUC processes district boundary amendment petitions and special permit applications according to statutory requirements. While operating on a restricted and declining budget, the LUC has consistently approved, on a timely basis, a significant amount of acreage statewide for various needed uses while protecting the State's interest in land use. The program can therefore be considered highly cost-effective. The LUC will

continue to review its procedures and operations to remain as cost-effective as possible over the upcoming budget period to comply with its statutory mandate.

H. <u>Discussion of Program Revenue</u>

State receipts generated by this program include: 1) \$500 filing fee for district boundary amendment petitions; and 2) \$50 filing fee for intervention petitions pursuant to section 205-4.1, HRS, and sections 15-15-49 and 15-15-52, HAR, respectively. All fees collected are deposited into the general fund.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

REPORT P61-A

PROGRAM ID:

BED130

PROGRAM STRUCTURE NO. 11010304

PROGRAM TITLE:

ECONOMIC PLANNING & RESEARCH

		IN DOLLAF	(5			IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT	20.00* 1,178,039 1,118,085 28,813	20.00* 1,206,834 1,302,691 18,898	22.00* 1,680,653 1,338,380	22.00* 1,680,653 1,338,380	22.0* 1,680 1,338	22.0* 1,680 1,338	22.0* 1,680 1,338	22.0 1,680 1,338
TOTAL OPERATING COST	2,324,937	2,528,423	3,019,033	3,019,033	3,018	3,018	3,018	3,018
BY MEANS OF FINANCING				1				
GENERAL FUND	16.00* 1,001,786	16.00* 950,089	17.00* 1,125,445	17.00* 1,125,445	17.0* 1,125	17.0* 1,125	17.0* 1,125	17.0× 1,125
SPECIAL FUND	4.00* 1,323,151 *	4.00* 1,933 *	* 5.00*	5.00*	* 5.0*	* 5.0*	* 5.0*	5.0×
INTERDEPT. TRANSFER		1,576,401	1,893,588	1,893,588	1,893	1,893	1,893	1,893
TOTAL POSITIONS TOTAL PROGRAM COST	20.00* 2,324,937	20.00* 2,528,423	22.00* 3,019,033	22.00* 3,019,033	22.00* 3,018	22.00* 3,018	22.00* 3,018	22.00× 3,018

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
PROGRAM TITLE:
PROGRAM TITLE:

BED130
11010304
ECONOMIC PLANNING AND RESEARCH

	FY							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
MEASURES OF EFFECTIVENESS 1. PROG. SURVEY RESPONDENTS 'MORE THAN SATISFIED' (%) 2. PROG. OUTPUTS CITED IN MAJOR MEDIA (AVE.MONTHLY#) 3. ACCURACY OF ECON FORECASTS (% ERROR)	56	50	50	50	50	50	50	50
	22	20	20	20	20	20	20	20
	2	5	5	5	5	5	5	5
PROGRAM TARGET GROUPS 1. VISITS TO PROGRAM WEBSITE (AVE PER MONTH, THOUS.)	0	5	10	15	15	15	15	15
PROGRAM ACTIVITIES 1. DATA SERIES MAINTAINED ON-LINE (X 100) 2. DATA POINTS MAINTAINED ON-LINE (THOUS.) 3. TOURISM REPORTS ISSUED (#) 4. OTHER ECONOMIC AND STATISTICAL REPORTS ISSUED (#)	40	50	50	50	50	50	50	50
	200	230	250	270	290	310	330	350
	45	45	45	45	45	45	45	45
	30	35	35	35	35	35	35	35

A. Statement of Program Objectives

To enhance and contribute to the economic development of the State by providing plans, analyses and policy recommendations on economic issues; conducting and reporting on basic research into the economy of the State, collecting, compiling, interpreting and publishing data and statistics on all aspects of business activity, the economy and demographic characteristics of the State; and developing and maintaining a statewide statistical reporting system.

B. <u>Description of Request and Compliance with Section 37-68 (1)(A)(B)</u>

The amount of \$51,312 in general funds and 1.0 permanent position is requested to support one additional economist position which was established and filled pursuant to Act 148, SLH 2007. The amount will enable BED 130 to continue pursuing economic research in support of emerging industry development and the State's innovation initiative. In addition, \$100,000 in interdepartmental transfer funds is requested in each year of the biennium from the Highway Special Fund to support the Department of Transportation's need for economic modeling and analysis services. The FB 09-11 executive budget also includes a reduction of \$51,312 in general funds and 1.0 permanent position for one vacant Economist, the transfer of \$11,112 in general funds to BED 120/SI for the Hawaii Clean Energy Initiative, and the transfer of \$40,000 in general funds in FY 10 and FY 11 to BED 142/AA to adjust for the legislative reduction per Act 158, SLH 2008.

C. Description of Activities Performed

 Prepared the Emerging Industries Benchmark report which analyzed Hawaii's sources of growth and identified key industries and clusters driving growth and diversification.

- Compiled and published Hawaii's Innovation Indicators report to establish benchmarks for performance and comparison with national trends.
- Participated in the development of the Hawaii Technology Industry Profile report, which redefined and analyzed Hawaii's emerging technology sector.
- Conducted census-related workshops to enhance businesses' ability to mine census data for marketing and business development purposes.
- Developing an automated data warehouse site to greatly expand access to data relevant for government and business decision making.
- Compiles and publishes the *State of Hawaii Data Book* containing more than 700 tables of key data widely used by government, business and residents.
- Develops and publishes long-range, State Population and Economic Projections and the State and county Input-Output models to guide State, county and privatesector planning efforts.
- Publishes monthly visitor arrival and characteristic reports, expenditure reports and information on cruise ship spending.
- Produces the web-based publication, Quarterly Statistical and Economic Report.
- Conducts economic analyses and impact studies.
- Responds through the Department of Business, Economic Development & Tourism (DBEDT) Library to about 3,500 annual requests for information and other inquiries to the department.

D. Statement of Key Policies Pursued

- Pursues research support for the development of emerging and growth industries and the transition of Hawaii's economy under the State's innovation initiative.
- Provide policy makers with economic data, plans and alternatives to facilitate strategic economic development decision making. This includes basic research to develop functional models of Hawaii's economic activity.
- Provide ongoing and special analyses of economic and business issues affecting the State.
- Develop and provide accurate and complete statistics to assist decision making by the Administration, Legislature, and the business community.

E. <u>Identification of Important Program Relationships</u>

The program maintains important relationships with decision makers in the State Administration, Legislature, private industry, and federal agencies, in order to provide the highest quality information and economic analysis support in meeting the State's economic development goals.

F. Description of Major External Trends Affecting the Program

Over the last several years, program priorities have centered on assisting the Administration, Legislature, counties and various boards and commissions to address the need for economic transformation in Hawaii's economy. As the economy moves into a cyclical weak period, the program is monitoring the economic environment closely and providing affected sectors and relevant State agencies with information and briefings on the situation and prospects for the near future.

G. Discussion of Cost, Effectiveness and Program Size Data

Reductions in the program's general funds for "other current expenditures" has precluded the ability to fund more than necessary operating expenses of general funded activities. Consequently, most hard copy printing of reports and the engaging of outside, supplemental research services, have been severely limited. The program has sought to address this challenge by electronic dissemination of information and development of the automated data warehouse project. The program continues to seek ways to economize, including careful consideration of research priorities, staff development to permit all research needs to be performed in-house, and elimination of numerous subscriptions and publications.

Measures of effectiveness are stable, due in part to electronic publishing.

H. Discussion of Program Revenue

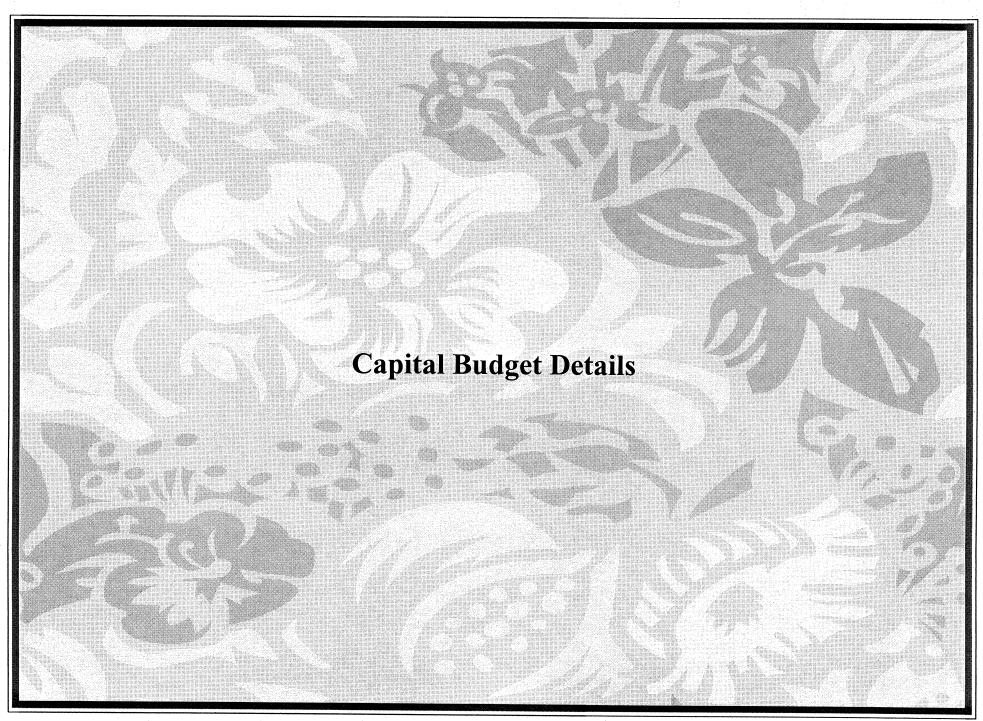
Minor revenues of roughly \$300 per year are generated through sale of the State Data Book on CD-ROM.

I. Summary of Analysis Performed

No major program changes are planned.

J. Further Considerations

None.



PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

REPORT B78 PAGE 20

PROGRAM ID

BED-100

PROGRAM STRUCTURE NO. 010101

STRATEGIC MARKETING & SUPPORT

ROJECT PRIORIT NUMBER NUMBER		PROJECT TITLE		BUDGET PERIOD			
	COST ELEMENT/MOF	PROJECT PRIOR TOTAL YRS	FY FY 07-08 08-09	FY FY 09-10 10-11	FY 11-12	FY FY 12-13 13-14	FY SUCCEED 14-15 YEARS
		PROGRAM TOTALS					
	CONSTRUCTION	500 500					
	TOTAL	500 500					
an and a second	G.O. BONDS	500 500					

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

REPORT B78 PAGE 21

PROGRAM ID

PROGRAM TITLE

BED-105

PROGRAM STRUCTURE NO. 010102

CREATIVE INDUSTRIES DIVISION

PROJECT NUMBER	PRIORITY NUMBER	LOC SCOPE	PROJE	ECT TITLE			BUDGET P	ERIOD					
		COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-1 5	SUCCEED YEARS
			PROGRAM TOTALS										
		PLANS	199	199									
		DESIGN CONSTRUCTION EQUIPMENT	361 7,140 100	361 7,140 100									
		TOTAL	7,800	7,800		-							
		G.O. BONDS	7,800	7,800						· · · · · · · · · · · · · · · · · · ·			

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-107

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PROGRAM STRUCTURE NO. 010103 PROGRAM TITLE

FOREIGN TRADE ZONE

PROJECT Number	PRIORITY NUMBER	LOC SCOPE	PROJE	ECT TITLE			BUDGET F	ERIOD					
		COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
			PROGRAM TOTALS		· · ·	•							
		PLANS DESIGN CONSTRUCTION EQUIPMENT	100 125 4,125 950	100 125 4,125 950									
		TOTAL	5,300	5,300									
		G.O. BONDS OTHER FED. FUN G.O. BONDS REP	3,150 1,900 250	3,150 1,900 250									

PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 0102

PROGRAM TITLE TOURISM

BED-113

PROJECT NUMBER	PRIORITY NUMBER	LOC SCOPE	PRO.	JECT TITLE			BUDGET P	ERIOD					
		COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
			PROGRAM TOTALS	<u></u>									
		PLANS	1,136	1,136									
		LAND	1,000	1,000									
		DESIGN	1,532	1,532									
		CONSTRUCTION	349,317	349,317									
		EQUIPMENT	12,761	12,761									
		TOTAL	365,746	365,746									
		G.O. BONDS	365,746	365,746						-			

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-142

PROGRAM STRUCTURE NO. 010104

PROGRAM TITLE

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

PROJECT PRIORITY NUMBER NUMBER	LOC SCOPE	PROJ	ECT TITLE			BUDGET P	FRIOD					
NONDER NONDER	COST ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
BED001	NEW	MAUI ECONOMIC	DEVELOPMENT	BOARD, INC	., MAUI							
	DESIGN CONSTRUCTION	15 285		15 285								
	TOTAL	300		300								
	G.O. BONDS	300		300								
BED002	NEM	HAWAII BUILDIN	G INDUSTRY	FOUNDATION,	OAHU							
	DESIGN CONSTRUCTION	1 999		1 999								
	TOTAL	1,000		1,000								
	G.O. BONDS	1,000		1,000								
		PROGRAM TOTALS										
	DESIGN CONSTRUCTION	16 1,484	200	16 1,284								
	TOTAL	1,500	200	1,300						· · · · · · · · · · · · · · · · · · ·		
	G.O. BONDS	1,500	200	1,300								

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-143

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PROGRAM STRUCTURE NO. 010502

PROGRAM TITLE

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

PROJECT PRIORITY NUMBER NUMBER	LOC SCOPE	PROJ	ECT TITLE			BUDGET F	PERTOD					
NOIDEN NOIDEN	COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
		PROGRAM TOTALS	<u>.</u>									
	PLANS LAND	508	508									
	DESIGN	2,219	2,219									
	CONSTRUCTION EQUIPMENT	7,754 266	7,754 266									
	TOTAL	10,748	10,748							:		
	G.O. BONDS REVENUE BONDS	2,343 8,405	2,343 8,405					-				
			-,									

PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-146

PROGRAM STRUCTURE NO. 010504

NATURAL ENERGY LAB OF HAWAII AUTHORITY

PROJECT NUMBER	PRIORITY NUMBER	LOC SCOPE	PRO	DJECT TITLE			BUDGET P	EDIAD					
NUMBER	NUMBER		PROJECT	PRIOR	FY	FY	FY	EKTOD	FY	FY	FY	FY	SUCCEED
		COST ELEMENT/MOI		YRS	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	YEARS
NELH10	0003	ADDITION	NELHA ONSHORE	DISTRIBUTIO	N SYSTEM, H	IAWAII					·.		
		PLANS	395	215		180							
		DESIGN	1,150	790		360							
		CONSTRUCTION	11,109	11,109									
		EQUIPMENT	8,915	8,915									
		TOTAL	21,569	21,029		540							
		G.O. BONDS	21,569	21,029		540	,						
NELH13	0006	ADDITION	NELHA/HOST PA	ARK INFRASTRU	CTURE UPGRA	DES, H	AWAII						
		PLANS	9	9									
		DESIGN	60	60									
		CONSTRUCTION	1,921	1,871		50							
		TOTAL	1,990	1,940		50							
		G.O. BONDS	1,990	1,940		50							
 NELH28		ADDITION	INFRASTRUCTUR	RE AND DISTRI	BUTION PIPE	LINES, H	AWAII			·		,	
		PLANS	1		1								
		DESIGN	1		1								
		CONSTRUCTION	3,498		3,498								
		EQUIPMENT	1,750		1,750								
		TOTAL	5,250		5,250								
		G.O. BONDS	5,250		5,250								
NELH33	0004	NEW	NELHA/HOST PA	ARK ROAD AND	UTILITY DIS	TRIBUTION S	YSTEM, HAWA	 []					
		PLANS	80	40		40							
		DESIGN	720	360		360							
		TOTAL	800	400		400							
		G.O. BONDS	800	400		400							

PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-146

PROGRAM STRUCTURE NO. 010504

NATURAL ENERGY LAB OF HAWAII AUTHORITY

PROJECT NUMBER	PRIORITY	LOC	SCOPE	PRO	JECT TITLE			BUDGET P	EDIAD					
NUMBER	NUMBER	COST	ELEMENT/MOF .	PROJECT TOTAL	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
				PROGRAM TOTAL	s									
			-	641 2,839 24,526 11,455	420 2,118 20,978 9,705	1 1 3,498 1,750	220 720 50							
		Т		39,461	33,221	5,250	990							
			BONDS R FED. FUN	31,761 7,700	25,521 7,700	5,250	990		AND PAIR THE PAIR COLO PAIR WAS COLO WAS THE PAIR TO					

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT

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PROGRAM ID PROGRAM STRUCTURE NO. 010701

BED-150

IN THOUSANDS OF DOLLARS

HAWAII COMMUNITY DEVELOPMENT AUTHORITY PROGRAM TITLE

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PRO	OJECT TITLE			BUDGET P	EDIAN					
	NUMBER			PROJECT	PRIOR	FY	FY	FY	FY	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	YEARS
AAFES			OTHER	ARMY AND AIR	FORCE EXCHA	NGE SERVICES	("AAFES") BU	ILDING IMP	ROVEMENTS, C	DAHU			
•		PLANS		1				1						
		LAND		1				1						
		DESIG		200				200						
			RUCTION	542				542						
		EQUIP	'MENT 	1				1					-	
		TO	TAL	745				745		·		-		
		G.O.	BONDS	745				745						
KA016		:	NEM	KAKAAKO DRAII	NAGE IMPROVE	MENT, MAKAI A	REA, C)AHU				r dilli selat sono dono dendi sono lilimo dilli lilida sono in	en also man suur alsot asen also lään alla suur asen a	
		DESIG	:N	1		1								
			RUCTION	499		499								
		ТО	TAL	500		500	•		-					,
		G.O.	BONDS	500		500								
KL004			NEW	KALAELOA SAFI	TY IMPROVEM	ENTS, OAHU								
		PLANS		50		1	49							
		DESIG		50		1	49							
			RUCTION	500		124	376							
		EQUIP		500		124	376							
		ТО	TAL	1,100		250	850						and the case was also the case of the case	
		G.O.	BONDS	1,100		250	850							
KL005			OTHER	IMPROVEMENTS	TO ENTERPRI	SE ROAD, KALAI	ELOA, O	AHU		•				
		PLANS		100					100					
		LAND		200					200					
		DESIG	N	1,150					1,150					
			RUCTION	1,645					1,645					
		EQUIP		50					50					
		то	TAL	3,145					3,145					
		G. O.	BONDS	3,145					3,145		·			

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT

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PROGRAM ID BED-150

IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 010701

PROGRAM TITLE HAWAII

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

PROJECT	PRIORITY	LOC	SCOPE	PRO	PROJECT TITLE									
NUMBER	NUMBER							BUDGET P	PERIOD					
				PROJECT	PRIOR	FY	FY	FY	FY	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	07-08	08-09	. 09-10	10-11	11-12	12-13	13-14	14-15	YEARS

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT

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PROGRAM ID

PROGRAM STRUCTURE NO. 010701

IN THOUSANDS OF DOLLARS BED-150

PROGRAM TITLE

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

PROJECT NUMBER	PRIORITY	LOC SCOPE	PRO	JECT TITLE			BUDGET D	EDIAD .					
	NUMBER	COST ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	BUDGET P FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
CD001	-	OTHER	HAWAII COMMUN	IITY DEVELOPM	ENT AUTHORI	TY'S C	OMMUNITY DE	VELOPMENT D	ISTRICTS, O	AHU			
		PLANS	47,600	36,610	1,750	1,820	1,855	1,855	1,855	1,855			
		LAND	22,456	22,456	,	•		•	•				
		DESIGN	12,532	12,532									
		CONSTRUCTION	69,708	69,708									
		TOTAL	152,296	141,306	1,750	1,820	1,855	1,855	1,855	1,855	·		
		G.O. BONDS	102,544	91,554	1,750	1.820	1,855	1,855	1,855	1,855			
		GENERAL FUND	49,752	49,752		-,				,			
			PROGRAM TOTAL	 .s									
<i>i</i>		PLANS	50,489	39,348	1,751	1.869	1,856	1,955	1,855	1,855			
		LAND	35,829	35,628	_,		1	200	-,	_,			
		DESIGN	34,040	32,639	2	49	200	1,150					
		CONSTRUCTION	215,618	212,432	623	376	542	1,645					
		EQUIPMENT	553	2	124	376	1	50					
		TOTAL	336,529	320,049	2,500	2,670	2,600	5,000	1,855	1,855	•		
		GENERAL FUND	63,560	63,560									
		REVOLVING FUND	2,000	2,000									
		REVENUE BONDS	20,000	20,000									
		OTHER FED. FUN	14,850	14,850									
		G.O. BONDS	236,119	219,639	2,500	2,670	2,600	5,000	1,855	1,855			

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-151

PROGRAM STRUCTURE NO. 010702

PROGRAM TITLE

ALOHA TOWER DEVELOPMENT CORPORATION

PROJECT NUMBER	PRIORITY NUMBER	LOC SCOPE	PRO		BUDGET P	ERIOD							
		COST ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-1 5	SUCCEED YEARS
TDC03		NEM	ALOHA TOWER P	ROJECT AREA	PARKING]	MPROVEMENTS	, OAHU					
		PLANS DESIGN CONSTRUCTION	200 200 2,000	A Company			200 200 2,000						
		TOTAL	2,400				2,400						
		G.O. BONDS	2,400				2,400						
			PROGRAM TOTAL	s									
		PLANS DESIGN CONSTRUCTION	200 200 2,000				200 200 2,000						
		TOTAL	2,400				2,400						
		G.O. BONDS	2,400				2,400						

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT

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PROGRAM ID

BED-160

IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 0108

PROGRAM TITLE

HAWAII HOUSING FINANCE AND DEVELOPMENT C

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PRO	JECT TITLE			BUDGET P	ERTON					
NOMBER	NOMBER	COST	ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	SUCCEED YEARS
HFDC01			REPLACEMENT	MAIAHOLE VALL	EY POTABLE	WATER SYSTEM	R	EPLACEMENT,	OAHU					
		DESIG	GN FRUCTION	500 2,000	•	500 2,000								
		TO	DTAL	2,500		2,500								•
		REVO	VING FUND	2,500		2,500								
HFDC02			NEM	WAIMANALO CON	ISTRUCTION C	OALITION, OAH	 U							
		CONST	TRUCTION	125		125								
		TO	DTAL	125		125								
		G.O.	BONDS	125		125								
HFDC03			NEW	RELATING TO K	KUKUI GARDEN	S RENTAL HOUS	ING C	OMPLEX, OAH	 U					
		CONST	RUCTION	26,000			26,000							
·		TO	DTAL	26,000			26,000							
		G.O.	BONDS	26,000			26,000							:
HFDC04			OTHER	RENTAL HOUSIN	IG TRUST FUN	D INFUSION, S	TATEWIDE							
		CONST	RUCTION	65,000			15,000	25,000	25,000					
		TC	OTAL	65,000			15,000	25,000	25,000					-
		G.O.	BONDS	65,000			15,000	25,000	25,000	· .				

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT

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PROGRAM ID

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IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 0108

PROGRAM TITLE

HAWAII HOUSING FINANCE AND DEVELOPMENT C

ROJECT PRIORITY NUMBER NUMBER	LOC SCOPE	PRO	JECT TITLE			BUDGET P	FRIOD			F1		
NOMBER NOMBER	COST ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-1 5	SUCCEEL YEARS
FDC05	OTHER	DWELLING UNIT	REVOLVING F	UND INFUSIO	N, S	TATEWIDE						
	CONSTRUCTION	60,000			10,000	25,000	25,000					
	TOTAL	60,000			10,000	25,000	25,000					
	G.O. BONDS	60,000			10,000	25,000	25,000					-
DC06	NEM	SENIOR RESIDEN	NCE AT IWILE	I, OAHU								
	CONSTRUCTION	33,000				33,000						
	TOTAL	33,000				33,000						
	G.O. BONDS	33,000				33,000						
		PROGRAM TOTALS	3									
	DESIGN CONSTRUCTION	500 186,125		500 2,125	51,000	83,000	50,000					÷ ,
	TOTAL	186,625		2,625	51,000	83,000	50,000					
	G.O. BONDS REVOLVING FUND	184,125 2,500		125 2,500	51,000	83,000	50,000					